Home Co.

Prospectus

Home Consortium Limited
ACN 138 990 593

Home Consortium
Developments Limited
ACN 635 859 700

Prospectus in relation to an offer of 97.0 million Securities in Home Consortium Limited and Home Consortium Developments Limited

Joint Lead Managers

Credit Suisse
Goldman Sachs
J.P.Morgan

Co-Managers

Bell Potter
crestone.
EL&C Baillieu
morgans
nab
Ord Minnett

Important Information

The Offer

This Prospectus is issued by each of Home Consortium Limited ACN 138 990 593 ("**HCL**") and Home Consortium Developments Limited ACN 635 859 700 ("**HCDL**" and collectively "**HomeCo**" or the "**Stapled Entities**") for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) ("**Corporations Act**"). The Offer contained in this Prospectus is an initial public offering to acquire stapled securities, each comprising a fully paid ordinary share in Home Consortium Limited stapled to a fully paid ordinary share in Home Consortium Developments Limited ("**Securities**"). See Section 9 for further information on the Offer.

Lodgement and listing

This Prospectus is dated 23 September 2019 ("**Prospectus Date**") and was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date.

HCL and HCDL will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date, for admission of Home Consortium Limited and Home Consortium Developments Limited to the Official List and quotation of the Securities on ASX. The fact that the ASX may admit Home Consortium Limited and Home Consortium Developments Limited to the Official List is not to be taken in any way as an indication of the merits of the Securities, the Offer or HomeCo.

None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date ("**Expiry Date**"). No Securities will be issued on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in full before deciding whether to invest in HomeCo.

In particular, you should consider the assumptions underlying the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information (see Section 6) and the risk factors that could affect the business, financial condition and financial performance of HomeCo. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Securities. Some of the key risk factors that should be considered by prospective investors are set out in Section 8 of the Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of HomeCo, the repayment of capital by the Stapled Entities or any return on investment in Securities made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Stapled Entities, the Directors, the Joint Lead Managers, the Co-Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Exposure Period

The Corporations Act prohibits the Stapled Entities from processing Applications in the seven day period after the date of lodgement of the Prospectus ("**Exposure Period**"). The Exposure Period may be extended by ASIC by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.homeconsortium.com.au to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at www.homeconsortium.com.au. The Offer constituted by this Prospectus in electronic form at www.homeconsortium.com.au is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Offer Period expires, obtain a paper copy of this Prospectus (free of charge) by telephoning the HomeCo Offer Information Line on 1800 237 687 (within Australia) from 8.30am to 5.30pm (Sydney Time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 237 687 from 8.30am to 5.30pm (Sydney Time), Monday to Friday.

Applications for Securities may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Refer to Section 9 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of HCL. Investors should be aware that past performance is not, and should not be relied upon as being indicative of future performance.

Financial Information

Section 6 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information. All references to FY19 and FY20 appearing in this Prospectus are to the financial years ended or ending 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated.

Investors should note that certain financial data included in the Prospectus is not recognised under the Australian Accounting Standards; and is classified as 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Home Consortium Limited and Home Consortium Developments Limited believe that this non-IFRS financial information provides useful information to users in measuring the financial performance and position of HomeCo. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards, and therefore may not be comparable with similarly titled measures presented by other entities, nor should these be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned not to place undue reliance on any non-IFRS financial information, ratios and metrics included in this Prospectus.

The Financial Information should be read in conjunction with, and qualified by reference to, the information contained in Sections 6 and 8.

This Prospectus also includes Forecast Financial Information for FY20 based on the best estimate assumptions of the Directors. The forecast consolidated statement of profit and loss for FY20 presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited. The forecast consolidated FFO for FY20 presented in this Prospectus is presented on a pro forma basis and is unaudited.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

Independent Limited Assurance Report on Financial Information and financial services guide

The provider of the Independent Limited Assurance Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide are provided in Section 10.

Intermediary authorisation

Home Consortium Limited does not hold an Australian Financial Services Licence ("**AFSL**") under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between Home Consortium Limited and E.L. & C. Baillieu Limited, the holder of an AFSL ("**Authorised Intermediary**") under section 911A(2)(b) of the Corporations Act. Home Consortium Limited will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Securities by Home Consortium Limited under this Prospectus and Home Consortium Limited will only issue ordinary shares in accordance with such offers if they are accepted.

Forward looking statements

This Prospectus contains forward looking statements, including the Forecast Financial Information in Section 6, which may be identified by words such as "anticipates", "may", "should", "could", "likely", "believes", "estimates", "expects", "targets", "predicts", "projects", "forecasts", "intends", "guidance", "plan" and other similar words that involve risks and uncertainties. These forward looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. Home Consortium Limited and Home Consortium Developments Limited do not undertake to, and do not intend to, update or revise any forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause HomeCo's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the investment risks as set out in Section 8, the general and specific assumptions contained in the Financial Information as set out in Section 6, the sensitivity analysis as set out in Section 6 and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of HomeCo, the Directors and HomeCo's management. Home Consortium Limited and Home Consortium Developments Limited, the Directors, HomeCo's management, the Joint Lead Managers and the Co-Managers cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Industry and market data

This Prospectus, including the Industry Overview in Section 4 and Overview of HomeCo in Section 2, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to HomeCo's business and markets.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. Home Consortium Limited and Home Consortium Developments Limited have not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the investment risks set out in Section 8.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Offer, or to otherwise permit a public offering of Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any person who has a registered address in a country outside of Australia and who receives this Prospectus outside Australia may only apply for Securities if that person is able to reasonably demonstrate to the satisfaction of Home Consortium Limited and Home Consortium Developments Limited that they may participate in the Offer relying on a relevant exception from, or are otherwise not subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have such registered address.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to "US Persons" (as defined in Rule 902(k) of Regulation S under the US Securities Act of 1933, as amended ("**US Securities Act**")). Any securities described in this Prospectus have not been, and will not be registered under the US Securities Act and may not be offered or sold in the United States or to US Persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

For details of selling restrictions that apply to the Offer and the sale of Securities in certain jurisdictions outside of Australia, please refer to Section 14.7.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time. Unless otherwise stated or implied, references to dates or years are financial year ("**FY**") references.

Privacy

By completing an Application Form to apply for Securities, you are providing personal information to Home Consortium Limited and Home Consortium Developments Limited through the Registry, which is contracted by Home Consortium Limited and Home Consortium Developments Limited to manage Applications. Home Consortium Limited and Home Consortium Developments Limited and the Registry on behalf of Home Consortium Limited and Home Consortium Developments Limited, may collect, hold and use that personal information in order to process your Application, service your needs as a Securityholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, Home Consortium Limited and Home Consortium Developments Limited and the Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by Home Consortium Limited and Home Consortium Developments Limited, which it considers may be of interest to you.

Your personal information may also be provided to the members, agents and service providers of Home Consortium Limited and Home Consortium Developments Limited on the basis that they deal with such information in accordance with HomeCo's Privacy Policy and applicable laws. The members, agents and service providers of Home Consortium Limited and Home Consortium Developments Limited may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Registry for ongoing administration of the Securityholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Securityholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Securities and for associated actions.

If an Applicant becomes a Securityholder, the Corporations Act requires Home Consortium Limited and Home Consortium Developments Limited to include information about the Securityholder (including name, address and details of the Securities held) in its public Securityholder register.

The information contained in the Securityholder register must remain there even if that person ceases to be a Securityholder. Information contained in the Securityholder register is also used to facilitate dividend payments and corporate communications (including HomeCo's financial results, annual reports and other information that Home Consortium Limited and Home Consortium Developments Limited may wish to communicate to its Securityholders) and compliance by Home Consortium Limited and Home Consortium Developments Limited with legal and regulatory requirements. An Applicant has a right to gain access to the information that Home Consortium Limited and Home Consortium Developments Limited and the Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to HomeCo's registered office or the Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of HomeCo's Privacy Policy by visiting HomeCo's website at www.homeconsortium.com.au.

You may request access to your personal information held by or on behalf of Home Consortium Limited and Home Consortium Developments Limited and you may correct the personal information held by or on behalf of Home Consortium Limited and Home Consortium Developments Limited about you. You may be required to pay a reasonable charge to the Registry in order to access your personal information.

You can request access to your personal information by writing to or telephoning the Registry as follows:

Email: registrars@linkmarketservices.com.au

Telephone: 1800 237 687

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Home Consortium Limited or Home Consortium Developments Limited. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

HomeCo website

Any references to documents included on HomeCo's website at www.homeconsortium.com.au are for convenience only, and none of the documents or other information available on HomeCo's website is incorporated into this Prospectus by reference.

Disclaimer

Except as required by law, and only to the extent so required, none of Home Consortium Limited, Home Consortium Developments Limited, the Directors, HomeCo's management, the Joint Lead Managers, the Co-Managers or any other person warrants or guarantees the future performance of HomeCo, or any return on any investment made pursuant to this Prospectus.

As set out in Section 9, it is expected that the Securities will be quoted on ASX initially on a conditional and deferred settlement basis. Home Consortium Limited and Home Consortium Developments Limited, the Registry, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Securities before receiving a holding statement, even if such person received confirmation of allocation from the HomeCo Offer Information Line or confirmed their firm allocation through a Broker.

Credit Suisse (Australia) Limited, Goldman Sachs Australia Pty Ltd and J.P. Morgan Securities Australia Limited have acted as Joint Lead Managers to the Offer. The Co-Managers have acted as co-managers to the Offer. The Joint Lead Managers and the Co-Managers have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by any of them or by any of their respective affiliates, officers or employees. To the maximum extent permitted by law, the Joint Lead Managers, the Co-Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Questions

If you have any questions about how to apply for Securities, call your Broker or the HomeCo Offer Information Line on 1800 237 687 between 8.30am and 5.30pm (Sydney Time), Monday to Friday. Instructions on how to apply for Securities are set out in Section 9 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in Home Consortium Limited and Home Consortium Developments Limited, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Securities.

Offer management

Credit Suisse (Australia) Limited, Goldman Sachs Australia Pty Ltd and J.P. Morgan Securities Australia Limited are jointly managing and underwriting the Offer for Home Consortium Limited and Home Consortium Developments Limited.

This document is important and should be read in its entirety.

Live *your* way.

Contents

Key Offer Information

Key Offer statistics

Offer Price per Security	$3.35
Number of Securities to be issued under the Offer	97.0 million
Proceeds from the Offer	$325 million
Total number of Securities on issue following Completion[1]	197.8 million
Market capitalisation at the Offer Price[2]	$662.7 million

Forecast fully franked FY20 annualised Dividend Yield per Security[3]	6.0%
Adjusted NTA per Security on Completion[4]	$3.14
Offer Price premium to Adjusted NTA per Security on Completion	6.5%
Gearing on Completion	31.8%

Key Portfolio statistics

Number of Properties[5]	30
Fair value[6]	$925 million
Weighted Average Capitalisation Rate (“**WACR**”)[7]	6.85%
Gross lettable area (“**GLA**”)[8]	370,000 sqm
Site area	1.14 million sqm
Site coverage ratio	32%
Operating Portfolio Occupancy[9]	93.5%
Operating Portfolio Weighted Average Lease Expiry (“**WALE**”)[10]	8.8 years

1. *The number of Securities on Completion will equal Securities available under the Offer plus the number of Securities retained by the Foundation Securityholders plus the conversion of the Convertible Notes into Securities.*
2. *Calculated as the total number of Securities on issue following Completion multiplied by the Offer Price.*
3. *Based on the forecast FY20 Dividend per Security of 15 cents for the period from Completion until 30 June 2020 divided by the Offer Price (annualised).*
4. *Net tangible assets adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Loans to related parties, (iii) Investment properties – Leasehold (recognised under AASB 16), (iv) Leasehold liabilities (recognised under AASB 16), (v) Provisions and (vi) Deferred tax assets.*
5. *Includes 21 properties in the Operating Portfolio and 9 properties in the Development Portfolio. Inclusive of the acquisition of 3 leasehold properties.*
6. *Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.*
7. *Based on independent valuations as at 30 September 2019 for 27 freehold properties. Based on independent valuer’s adopted capitalisation rate on an as-is basis (see Section 11).*
8. *Includes 9 properties in the Development Portfolio. Estimate as at 23 August 2019 and subject to ongoing design changes.*
9. *By GLA across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019. Includes signed leases (87.6%) and signed MoUs (5.9%).*
10. *By gross income. Based on signed leases and signed MoUs across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019.*

Important dates

Prospectus lodgement date	23 September 2019
Broker Firm Offer and Priority Offer open	1 October 2019
Broker Firm Offer and Priority Offer closes	9 October 2019
Expected commencement of ASX trading on a conditional and deferred settlement basis	14 October 2019
Settlement of the Offer	15 October 2019
Issue and allotment of Securities	16 October 2019
Expected commencement of trading on an unconditional and deferred settlement basis	16 October 2019
Expected dispatch of holding statements	17 October 2019
Expected commencement of trading on the ASX on a normal settlement basis	18 October 2019

The dates above are indicative only and may change without notice. HomeCo reserves the right, with consent from the Joint Lead Managers, to vary the times and dates of the Offer including, subject to the Listing Rules and the Corporations Act, to close the Offer Period early, extend the Offer Period or to accept late Applications, either generally or in particular cases, without notification.

How to invest

Applicants under the Broker Firm Offer may apply for Securities by completing and lodging a valid Application Form attached to or accompanying this Prospectus with the Broker who invited them to participate in the Offer.

Under the Institutional Offer, Institutional Investors have been invited to commit to the Joint Lead Managers to acquire Securities.

Applicants under the Priority Offer will be invited to apply by HomeCo and should follow the personalised instructions provided.

Further instructions on how to apply for the Securities are set out in Section 9 of this Prospectus and on the back of the Application Form.

If you require a replacement Application Form or have any questions relating to the Offer, please contact the HomeCo Offer Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) from 8.30 am until 5.30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether HomeCo is a suitable investment for you, you should seek professional advice from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

Executive Chairman and Deputy Chairman letter

Dear Investor,

On behalf of the Board of Directors, we are pleased to invite you to become a securityholder in Home Consortium Limited and Home Consortium Developments Limited ("**HomeCo**" or the "**Group**").

HomeCo was established in 2017 when a consortium of investors comprised of some of Australia's leading property development and retail organisations acquired the former Masters Home Improvement real estate portfolio from Woolworths. The shareholders behind the 2017 acquisition (collectively known as the "**Foundation Securityholders**") include the Spotlight, Chemist Warehouse, Primewest and Aurrum groups. Importantly, there will be no sell down of securities by the Foundation Securityholders at the time of the Offer and in fact a number of Foundation Securityholders are looking to increase their investment into the Group, including through the Offer.

By the end of 2019, HomeCo's portfolio will consist of 21 operating retail and services centres ("**Operating Portfolio**") and a further 9 centres to be redeveloped ("**Development Portfolio**") across four states (VIC, QLD, NSW and WA). HomeCo's centres are built around a strategy of national retailers and service providers and delivers hyper-convenience for customers (refer to Section 2.3.2 for details). The Portfolio fair value as at 30 September 2019 is $925 million.[11]

Key attributes of HomeCo's portfolio include:

- substantial land holding of approximately 1.14 million sqm, with two thirds of the Portfolio located in the growth corridor suburbs of Brisbane, Sydney, Melbourne and Perth, and the balance in major regional centres;
- approximately 370,000 sqm[12] of gross lettable area, which represents a site coverage ratio of just 32% and provides future expansion opportunities;
- approximately 12,000[12] free on grade car parking spaces, which should deliver our customers a convenient experience when visiting HomeCo centres;
- stable and secure source of rental income underpinned by leases to national tenants (84%[13]) and public companies (30%[13]); and
- a long Weighted Average Lease Expiry ("**WALE**") of 8.8 years[14].

HomeCo has positioned the rent it charges tenants competitively relative to other landlords leading to significant new leasing activity over the last two years and 93.5% occupancy across our 21 operating centres. In a world moving through structural change driven by the emergence and growth of ecommerce platforms, HomeCo's tenant mix and competitive cost of doing business is expected to uniquely support the Group to flourish in the future.

HomeCo's strategy of owning, developing and managing hyper-convenience focused retail and services assets aims to provide Securityholders with above average risk-adjusted returns through a combination of regular dividend income and capital growth. Importantly, as HomeCo is internally managed, all the benefits accrue to Securityholders.

HomeCo is forecasting a fully franked dividend yield of 6%[15] (annualised) for the period from Completion to 30 June 2020. Our growth outlook in funds from operations ("**FFO**") per Security and dividends will be underpinned by mainly fixed rental reviews in our leases, future income from centres to be redeveloped and organic growth opportunities within the underlying asset portfolio.

As the 9 assets in the Development Portfolio are completed, HomeCo is expected to realise growth in rental income and development profits which is expected to result in future growth in NTA per Security.

The Group will maintain a capital structure with a target Gearing range of 30% to 40% and initial Gearing of 31.8% at Completion.

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[11] *Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.*

[12] *Estimate as at 23 August 2019 and subject to ongoing design changes.*

[13] *Based on signed leases and signed MoUs across the Portfolio.*

[14] *Based on signed leases and signed MoUs across the Operating Portfolio.*

[15] *Based on an offer price of $3.35 per Security.*

A key risk which investors face when deciding to invest in any Company is determining the quality of board and management, and whether they have confidence that decisions are made in the best interests of generating securityholder value. The Board of the Stapled Entities will have a total of six Directors, comprised of three representatives of the Foundation Securityholders and three newly appointed Independent Non-Executive Directors. The Board has a broad range of skills and experience enabling it to represent the interests of all Securityholders. The three Independent Non-Executive Directors are highly experienced leaders from their respective fields and will bring their own unique insights to the Group.

The Group will benefit from a strong alignment of interests between the Foundation Securityholders and new investors under the Offer. The Foundation Securityholders will not dispose of any Securities as part of the Offer and are expected, to have interests in 59% of the Group following Completion. The Foundation Securityholders will also enter into voluntary escrow arrangements which prevent them from disposing any Securities held by them prior to Completion (representing approximately 47% of the Securities on issue) for two years from Completion. Further detail is available in Section 7.4.4.

Following careful consideration, the Board considers it is appropriate for David Di Pilla to remain as Executive Chairman and therefore combine the role of Chairman and CEO. This was done in order to maintain the momentum of a business that has achieved so much in just two years and to maintain continuity and focus as HomeCo transitions to a publicly listed group. David takes his responsibilities in this role very seriously and will ensure that HomeCo maintains strong governance standards and that we always act in the best interests of all Securityholders. Chris Saxon will act as Deputy Chairman and lead independent Director and provide his significant legal and governance experience to the role.

The Group is offering 97.0 million Securities at the Offer Price of $3.35 per Security. An application will be made for admission of the Stapled Entities to the official list of ASX and the quotation of Securities on the ASX.

This Prospectus contains important information regarding the Offer and HomeCo's operations, financial performance and forecasts. We encourage you to read it carefully and in its entirety, including Sections 8 and 9 which set out key details of the Offer and outlines the risks associated with an investment in HomeCo. If you have any questions you should consult your accountant, stockbroker, lawyer or other professional adviser before making an investment decision.

On behalf of the Board, we thank you for considering an investment in HomeCo and look forward to welcoming you as a Securityholder.

David Di Pilla
Executive Chairman and Chief Executive Officer
Home Consortium

Christopher Saxon
Deputy Chairman and Lead Independent Director
Home Consortium

1.
Investment Overview

1. Investment Overview

1.1. Introduction

Topic	Summary	Reference
What is HomeCo?	HomeCo is an internally managed property group focused on ownership, development and management. HomeCo is backed by some of Australia's most successful retail organisations and property developers including the shareholders of Spotlight, Chemist Warehouse, Primewest and Aurrum groups. By the end of 2019, HomeCo's portfolio will consist of 21 operating retail and services centres and a further 9 centres to be redeveloped across four states (VIC, QLD, NSW and WA). HomeCo is built on a platform of big brands and hyper-convenience, with each centre anchored by leading brands, including predominantly national retailers spanning daily needs, leisure & lifestyle and services enterprises.	Section 2.1
How is HomeCo structured?	HomeCo is structured as a stapled group comprising Home Consortium Limited ("**HCL**") and Home Consortium Developments Limited ("**HCDL**") and their controlled entities. Shares in HCL are stapled to shares in HCDL to form stapled securities such that shares in HCL and HCDL must be purchased or sold together. HCL is the entity that has historically undertaken HomeCo's activities and owns the HomeCo portfolio. HCDL is a newly incorporated company with no assets or liabilities that is proposed to undertake some of HomeCo's growth activities in the future.	Section 2.8
What are HomeCo's objectives?	HomeCo's objective is to provide Securityholders with above average risk-adjusted returns for Securityholders through a combination of regular dividend income and capital growth by investing in hyper-convenience based retail and services assets.	Section 2.2
What are HomeCo's strategies?	HomeCo intends to achieve its objective by pursuing some or all of the following activities as appropriate in delivering its strategy: • create an innovative retail and services property offering that resonates with tenants and consumers; • own, develop and manage a portfolio of properties that are anchored by quality tenants with long term leases; • capitalise on other value-accretive investment opportunities, including brownfield and greenfield developments (given a low 32% site coverage ratio) and acquisitions; • pursue future capital partnering and funds management initiatives to generate annuity style management fee income; and • maintain an appropriate capital structure.	Section 2.2

Topic	Summary	Reference
Does HomeCo have economic exposure to leasehold properties?	HCL, through wholly owned subsidiaries, is tenant to a number of leases and retains primary exposure under the terms of those leases. HomeCo has set up a bank account (the "**Lease Mitigation Account**" or "**LMA**"), and entered into various arrangements with the Foundation Securityholders, which are designed to ensure that HCL has sufficient funds to meet its obligations under the leases. The Foundation Securityholders are responsible for the Leasehold Liabilities in excess of the $60 million to be paid into the LMA from the proceeds of the Offer. As part of the lease mitigation arrangements, the Foundation Securityholders have agreed to indemnify HCL for any leasehold mitigation costs exceeding $60 million, if required, and to top up the LMA to ensure HCL is able to meet the Leasehold Liabilities. As a result of these mitigation strategies, HomeCo's economic exposure to the Relevant Leases will be limited.	Section 2.8 Section 7
What is HomeCo's investment policy for acquisitions?	HomeCo will seek to identify acquisitions if they represent value-accretive investment opportunities that complement the Group's strategy of delivering above average risk-adjusted returns for Securityholders through a combination of regular dividend income and capital growth.	Section 2.4.4
Will HomeCo take on material development risk?	HomeCo's development pipeline currently consists of 9 properties across four states (VIC, QLD, NSW and WA) that are expected to open in the future. The development of HomeCo's existing assets are inherently de-risked from a time and cost perspective as the external building structure and supporting infrastructure is already complete. As a result, HomeCo's development strategy is generally limited to redesigning the interior of each building. The developments are further de-risked as redevelopment doesn't begin until adequate leasing has been secured and building contracts are fixed in nature through agreed design.	Section 2.3.5
Why is the offer being conducted?	The Offer is being conducted to: • provide HomeCo with working capital to continue to execute its strategy of unlocking value and growth through development and strategic acquisitions; • refinance existing debt and establish an appropriate capital structure; • provide funding capacity for the acquisition of the three leasehold sites; • fund the costs relating to the Offer and the initial $60 million deposit into the LMA; and • provide HomeCo with the benefits of increased transparency and credibility that arises from being a listed entity.	Section 9.3

1.2. Benefits and risks

Topic	Summary	Reference
What are the main benefits of an investment in HomeCo?	**Portfolio of modern assets generating a quality diversified income stream** HomeCo's property portfolio consists of 21 operating centres and 9 centres to be redeveloped that are geographically diversified across four Australian states. As at 30 September 2019, the Portfolio had a fair value of $925 million. Key features of the portfolio include: • strategically located centres in VIC, QLD, NSW and WA and in metropolitan growth corridors; • generates a stable and secure source of rental income through a high occupancy rate of 93.5% and long Weighted Average Lease Expiry ("**WALE**") of 8.8 years across the 21 operating centres; • the average portfolio gross rental rate of approximately $258 per sqm is expected to grow through embedded escalation via CPI and fixed rent reviews (3.16% p.a. avg.), and which is expected to step up on lease renewals & tenant turnover; • a low site coverage ratio of 32% on a substantial land bank holding of 1.14 million sqm providing future expansion and alternate use opportunities; • leading national retailers and service providers whereby approximately 84% are national tenants and 30% are public companies; and • buildings with an average age of six years with all assets having been either recently redeveloped into HomeCo centres in the last two years or scheduled to be redeveloped in the future. **Opportunity to participate in income and capital growth upside** Securityholders are expected to benefit from HomeCo continuing the repurposing of the Development Portfolio into new HomeCo centres. HomeCo's Development Portfolio includes 9 assets which are scheduled to open in the future. The completion of each development is expected to be value accretive to Securityholders as: • the Group expects to realise a development profit upon practical completion of each development which is expected to result in an uplift to HomeCo's NTA per Security and attractive total returns to Securityholders; and • additional rent will be generated from the opening of these properties which will support growth in FFO and dividends.	Section 2.4

Topic	Summary	Reference
What are the main benefits of an investment in HomeCo? continued	**Strong alignment of interests between management, Foundation Securityholders and new Securityholders** • HomeCo's internally managed structure allows it to have a clear alignment of management interests to those of Securityholders; • The Foundation Securityholders will not dispose of any Securities as part of the Offer and are expected, through HIC Trustee, to own 47% of the Stapled Entities following Completion as well as other direct Securityholdings; • The Foundation Securityholders will also enter into voluntary escrow arrangements which prevent them from disposing of any Securities held by them prior to Completion for two years from Completion; and • Spotlight Group and Chemist Warehouse also own and operate retail businesses that are significant tenants of the Group – following Completion, approximately 7.8% of HomeCo's gross income will be sourced from Securityholders. **Further growth opportunities** In addition to redeveloping the remaining 9 centres in HomeCo's Development Portfolio, the Group has the potential for additional earnings and capital growth from: • ancillary income growth; • brownfield developments at existing sites; • acquisition of some or all of the remaining leasehold properties; • acquisition of properties that are consistent with HomeCo's strategy; • funds management activities; and • future mixed use developments (including town centre developments). **Attractive financial metrics** • Forecast annualised fully franked dividend yield of 6% (based on the Offer Price) for the period from Completion to 30 June 2020; • Forecast total return underpinned by the forecast annualised fully franked dividend yield of 6% (based on the Offer Price) combined with the NTA uplift that is expected to be realised when each of the remaining 9 assets in the Portfolio is redeveloped and reaches completion; and • Target gearing range of between 30% and 40%. On Completion, HomeCo will have Gearing of approximately 31.8%.	Section 2.4

Topic	Summary	Reference
What are the main benefits of an investment in HomeCo? continued	**Experienced board and management team** • The Stapled Entities each have a board with significant expertise in the areas of property, retail, governance, management, finance and law. The Board consists of six Directors, of whom three are Independent Non-Executive Directors; • HomeCo has a highly experienced senior management team with expertise across retail leasing, real estate development, corporate finance, law, marketing and human resources; and • The majority of HomeCo's senior management team has been in place since HomeCo was established in 2017 and has been responsible for the growth in HomeCo's portfolio to date.	Section 2.4
What are the main risks of an investment in HomeCo?	There are a number of risks associated with investing in HomeCo. Key risks include the following: **HomeCo's net rental income may decline** HomeCo's primary source of income is generated through its leasing arrangements on the Portfolio. Following Completion, HomeCo's ability to pay dividends will be largely dependent on the rents received from tenants across the Portfolio, expenses incurred during operations and capital expenditure incurred. There is a risk that rental income might be materially different to the income described in this Prospectus. **HomeCo may be unable to lease properties, or they may be vacant** As at the date of this Prospectus, approximately 93.5% of HomeCo's operating properties are currently leased and approximately 81% of HomeCo's operating properties' tenancies are trading, with the balance of properties (or parts thereof) currently vacant. There is a risk that HomeCo is not able to enter into a lease with a proposed tenant in respect of vacant properties (or parts thereof). Should HomeCo be unable to secure a tenant for a vacant property (or parts thereof) for a period of time, this will result in lower rental returns to HomeCo, which could materially adversely affect HomeCo's financial performance and dividends. There is also the risk that HomeCo may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or at all or be able to find new tenants to take over space that is currently unoccupied. HomeCo could lose tenants due to a range of events including as a result of failure to renew a lease, weakening of tenant relationships or disputes with tenants or insolvency of tenants.	Section 8 Section 7.5

Topic	Summary	Reference
What are the main risks of an investment in HomeCo? continued	**The value of the Portfolio or individual properties may fall** The value of the Portfolio, or individual properties within the Portfolio, may be impacted by a number of factors affecting the Australian property market generally, as well as HomeCo in particular. **Retail property sector concentration** The Portfolio is principally comprised of retail properties and is therefore exposed to the retail property sector. As a result of this exposure, HomeCo's performance depends, in part, on the performance of the Australian retail property sector. **Capital expenditure requirements may be higher than expected** The forecast capital expenditure described in Section 6.9.2 represents HomeCo's current best estimate of the associated costs in maintaining and developing the Portfolio over the forecast period. There is a risk that the required capital expenditure will exceed the current forecasts, which could lead to increased funding costs and adversely impact dividends. **HomeCo may not be able to meet its forecasts** This Prospectus contains Forecast Financial Information for the year ending 30 June 2020. The forward-looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various factors, many of which are outside the control of HomeCo. There can be no guarantee that the assumptions on which the forward-looking statements, opinions and estimates are based, will ultimately prove to be valid or accurate, including rents, property costs and corporate expenses incurred by HomeCo. **HIC Trustee may have insufficient funds or assets to meet its obligations to top up the Lease Mitigation Account.** Whilst it is the intention that the lease mitigation strategy will ensure that the investors in the Offer will not have any exposure to the Leasehold Liabilities in excess of $60 million, there are risks to the leasehold mitigation strategy including: (1) the NPV of the Leasehold Liabilities may fluctuate; and (2) HIC Trustee may have insufficient funds or assets to meet its obligations to top up the Lease Mitigation Account. **HCL may not be able to utilise carried forward tax losses** HCL has significant unused tax losses. The ability of HCL to utilise these tax losses for future financial years is dependent on a number of matters, including HCL continuing to satisfy the applicable conditions under tax laws. If HCL is not able to utilise these tax losses in any given tax year, HCL will need to pay tax on its taxable income (including net capital gains) in respect of that tax year.	Section 8 Section 7.5

Topic	Summary	Reference
What are the main risks of an investment in HomeCo? continued	**Foundation Securityholders exert material influence** After Completion, the Foundation Securityholders are expected to hold approximately 59% of the Securities on issue in HomeCo. As such, they will be able to exert material influence over HomeCo, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Securityholders. **Certain Foundation Securityholders are also major tenants on arms length terms** In addition to their securityholdings, the Spotlight Retail Group (through the Spotlight and Anaconda brands) and the Chemist Warehouse Group are significant tenants of HomeCo. Following Completion, approximately 7.8% of HomeCo's gross income will be sourced from these securityholders. Refer to Section 2.4.3.2 for details of the ownership interests of the Foundation Securityholders. **Other** A number of other general investment risks are discussed in Section 8, including risks associated with HomeCo's security price fluctuating, illiquidity of the Securities, dilution of Securityholders, taxation or accounting standard changes, and expected events not occurring or force majeure events occurring. Risks associated with the lease mitigation strategy are discussed in Section 7.5.	Section 8 Section 7.5

1.3. Portfolio

<table>
<tr><th>Topic</th><th>Summary</th><th>Reference</th></tr>
<tr><td>What are the key metrics of the Portfolio?</td><td>
<table>
<tr><th colspan="2">Key Portfolio statistics</th></tr>
<tr><td>Number of Properties[16]</td><td>30</td></tr>
<tr><td>Fair value[17]</td><td>$925 million</td></tr>
<tr><td>WACR[18]</td><td>6.85%</td></tr>
<tr><td>GLA[19]</td><td>370,000 sqm</td></tr>
<tr><td>Site area</td><td>1.14 million sqm</td></tr>
<tr><td>Site coverage ratio</td><td>32%</td></tr>
<tr><td>Operating Portfolio Occupancy[20]</td><td>93.5%</td></tr>
<tr><td>Operating Portfolio WALE[21]</td><td>8.8 years</td></tr>
</table>
</td><td>Section 3.2</td></tr>
</table>

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[16] *Includes 21 properties in the Operating Portfolio and 9 properties in the Development Portfolio. Inclusive of the acquisition of 3 leasehold properties.*

[17] *Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.*

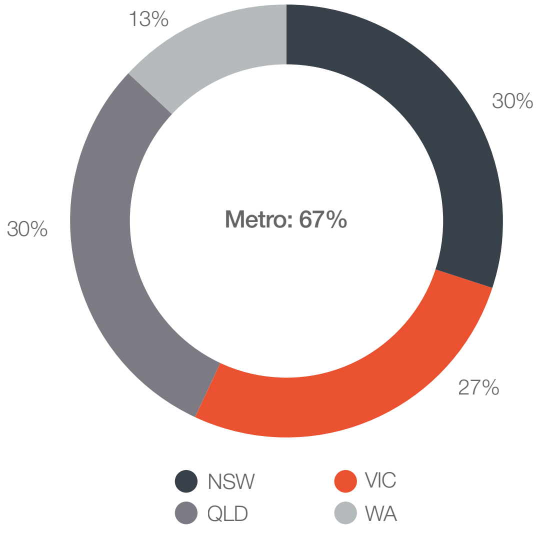
[18] *Based on independent valuations as at 30 September 2019 for 27 freehold properties.*

[19] *Includes 9 properties in the Development Portfolio. Estimate as at 23 August 2019 and subject to ongoing design changes.*

[20] *By GLA across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019. Includes signed leases (87.6%) and signed MoUs (5.9%).*

[21] *By gross income. Based on signed leases and signed MoUs across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019.*

1. Investment Overview continued

Topic	Summary	Reference
What assets comprise the Operating Portfolio?	The Operating Portfolio consists of 21 centres which are either fully repurposed or expected to be partially repurposed by 31 December 2019. The centres comprising the Operating Portfolio are set out in Section 3.2. As at 30 September 2019, the Operating Portfolio had a fair value of $785 million and a WACR of 6.76%.	Section 3.2
What assets comprise the Development Portfolio?	The Development Portfolio consists of 9 former Masters Home Improvement sites that are scheduled to be redeveloped into operating HomeCo sites within the future. The centres comprising the Development Portfolio are set out in Section 3.2. As at 30 September 2019, the Development Portfolio had a fair value of $140 million and a WACR of 7.34%.	Section 3.2
Where is the Portfolio located?	The Portfolio is strategically located centres in VIC, QLD, NSW and WA and in metropolitan growth corridors. **Split by geography**  	Section 3.3
Who are the largest tenants of the Portfolio?	HomeCo's tenants are a diversified mix with 66% of tenants by income in categories of daily needs, services and leisure. A distinguishing feature of HomeCo's portfolio is its 19% weighting towards services tenants. Furthermore, rental income is underpinned by leases to national tenants (84%) and public companies (30%). As outlined in the table below, the top 20 tenants represent 57.8% of the Portfolio by income.	Section 3.1

<table>
<tr><th>Topic</th><th>Summary</th><th>Reference</th></tr>
<tr><td>Who are the largest tenants of the Portfolio? continued</td><td>

Top 20 tenants by income[22]

<table>
<tr><th>#</th><th>Tenant</th><th>% of income</th><th>#</th><th>Tenant</th><th>% of income</th></tr>
<tr><td>**1**</td><td>Amart Furniture</td><td>11.1%</td><td>**11**</td><td>IGA supplied independent supermarkets</td><td>2.1%</td></tr>
<tr><td>**2**</td><td>Spotlight Retail Group</td><td>5.3%</td><td>**12**</td><td>Decathlon</td><td>1.9%</td></tr>
<tr><td>**3**</td><td>Super Retail Group</td><td>5.0%</td><td>**13**</td><td>Spudshed</td><td>1.8%</td></tr>
<tr><td>**4**</td><td>Nick Scali</td><td>4.5%</td><td>**14**</td><td>PETstock</td><td>1.8%</td></tr>
<tr><td>**5**</td><td>Goodlife</td><td>4.2%</td><td>**15**</td><td>Choice Discount Variety Store</td><td>1.5%</td></tr>
<tr><td>**6**</td><td>Coles</td><td>3.7%</td><td>**16**</td><td>James Lane & Sleeping Giant</td><td>1.4%</td></tr>
<tr><td>**7**</td><td>Chemist Warehouse Group</td><td>2.5%</td><td>**17**</td><td>Guardian Childcare & Education</td><td>1.2%</td></tr>
<tr><td>**8**</td><td>Woolworths Group</td><td>2.5%</td><td>**18**</td><td>Greenlit Brands</td><td>1.0%</td></tr>
<tr><td>**9**</td><td>Government services</td><td>2.4%</td><td>**18**</td><td>TK Maxx</td><td>0.9%</td></tr>
<tr><td>**10**</td><td>EMF Fitness</td><td>2.1%</td><td>**20**</td><td>South Pacific Health Club</td><td>0.9%</td></tr>
<tr><td></td><td>**Total**</td><td></td><td></td><td></td><td>**57.8%**</td></tr>
</table>

</td><td>Section 3.1</td></tr>
<tr><td>What is HomeCo's valuation policy?</td><td>

HomeCo values Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

Independent valuations are obtained on a rotational basis to ensure each Property is valued at least once every 24 months by an independent external valuer. For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when HomeCo's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

</td><td>Section 2.7</td></tr>
<tr><td>What is the lease expiry profile?</td><td>There is a staggered lease expiry profile, with no more than 7% of rent expiring in any year to 2024 and 83% of expiries past 2024.</td><td>Section 2.4.1</td></tr>
</table>

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22. Forecast gross rental income across the Portfolio, including the 3 acquisitions expected to settle by 31 December 2019, as at 23 August 2019.

1.4. Governance, Board and management

Topic	Summary	Reference
Who are the Directors of the Stapled Entities?	The Board comprises six Directors, with three Independent Non-Executive Directors. The Directors are: • David Di Pilla – Executive Chairman and Chief Executive Officer • Christopher (Chris) Saxon – Deputy Chairman and Lead Independent Non-Executive Director • Isaac (Zac) Fried – Non-Executive Director • Greg Hayes – Non-Executive Director • Jane McAloon – Independent Non-Executive Director • Brendon Gale – Independent Non-Executive Director	Section 5.1.1
Who are the senior executives of HomeCo?	HomeCo will be internally managed by a dedicated management team led by David Di Pilla. The remainder of the management team of HomeCo will comprise: • Sid Sharma – Chief Operating Officer; • Will McMicking – Finance and Strategy Director; • Andrew Selim – General Counsel and Company Secretary; • Andrew Boustred – Development Director; • Angy Dinevska – Human Resources Manager; and • Clare Chapman – Financial Controller.	Section 5.1.2
Who are the Foundation Securityholders and what will their interests in HomeCo be at Completion?	The Foundation Securityholders are the Securityholders as at the date of this Prospectus. The Foundation Securityholders hold their pre-Completion Securities through equivalent shareholdings in HIC Trustee and include the shareholders behind the following entities as well as a number of other private investors: • Aurrum Group Investors; • Spotlight Group Holdings; • Chemist Warehouse Group; and • Primewest Property Investors. The Foundation Securityholders will not dispose of any Securities as part of the Offer.	Section 2.4.3 Section 9.5.2

Topic	Summary	Reference
Who are the Foundation Securityholders and what will their interests in HomeCo be at Completion? continued	On Completion, the Foundation Securityholders will own approximately 59% of the Securities on issue. The table below outlines the ownership of the Foundation Securityholders pre and post the Offer:	Section 2.4.3 Section 9.5.2

Foundation Securityholders	Indirect Securityholding pre Completion	Indirect Securityholding post Completion	Total Securityholding post Completion
Aurrum Group Investors	67.9%	32.0%	34.2%
Spotlight Group Holdings shareholders	10.7%	5.0%	10.0%
Chemist Warehouse Group shareholders	10.7%	5.0%	9.6%
PrimeWest Property Investors shareholders	10.7%	5.0%	5.0%
Total	**100.0%**	**47.2%**	**58.8%**

On Completion, the Foundation Securityholders will own, through HIC Trustee, approximately 47% of Securities on issue.

See Section 2.4.3.2 and section 9.5.2 for further details of the Foundation Securityholders.

Topic	Summary	Reference
What are the Securityholdings of the Directors of the Stapled Entities?	For Securities, options and Rights expected to be held by the Directors on Completion, refer to the table below and to Section 5.2.	Section 5.2

Directors	Pre	Post	Rights
David Di Pilla	30,857,979	31,598,278	223,881
Zac Fried	10,000,000	19,818,210	Nil
Greg Hayes	8,682,539	8,740,748	Nil
Chris Saxon	Nil	131,344	33,831
Jane McAloon	Nil	131,344	33,831
Brendon Gale	Nil	131,344	33,831
Total	**49,540,518**	**60,551,268**	**325,374**

Topic	Summary	Reference
What will the governance arrangements of HomeCo?	HomeCo is committed to conducting its business in the best interests of all its Securityholders and has adopted a framework in compliance with the latest edition of the ASX Corporate Governance Principles and Recommendations, unless otherwise disclosed. While the Board is not currently comprised of a majority of independent Directors, nor is the Chairman considered independent or a different person to the CEO, the Board considers its membership represents an appropriate balance and is in HomeCo's best interests to maintain momentum in implementing its strategy and delivering its stated objectives. HomeCo has established policies and procedures to govern entry into any related party transactions, including as they relate to leases with related parties. A summary of the corporate governance policies adopted by HomeCo are set out in Section 5.5.	Section 5.5

Topic	Summary	Reference
What fees, benefits and interests are payable to Directors and other persons (including related parties) connected with HomeCo or the Offer?	Directors and Key Management Personnel are entitled to remuneration and fees as described in Section 5.2.1. Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 14.8.	Section 5.2.1 Section 14.8
Will any Securities be subject to restrictions on disposal following Completion?	Yes. On Completion, all of the Securities held by the Foundation Securityholders (which are held through HIC Trustee) before Completion will be subject to a voluntary escrow arrangement for a period of two years from Completion. These arrangements will prohibit the Foundation Securityholders from disposing of those Securities during that period (subject to certain exceptions). In aggregate, 93,333,335 Securities will be subject to these escrow arrangements, representing approximately 47% of the total Securities on issue immediately following Completion. The Foundation Securityholders will not dispose of any Securities as part of the Offer.	Section 7.4.4 Section 14.4
What related party arrangements are in place?	HomeCo leases a number of its premises to Spotlight Group entities (i.e. Spotlight and Anaconda) and to Chemist Warehouse Group entities. The existing lease arrangements with the respective tenants have been entered into on arm's length terms and reflect customary provisions commonly found in commercial leases of a similar nature. HomeCo has entered or will enter into leases or licences on arm's length terms with HomeCo entities associated with Aurrum Holdings in relation to office space at its Tingalpa site and at its registered office.	Section 13.3

1.5. Financial information

Topic	Summary	Reference
What will be HomeCo's forecast dividend yield?	HomeCo is forecast to achieve an annualised fully franked dividend yield of 6% (based on the Offer Price) for the period from Completion to 30 June 2020.	Section 6.4.2
Will the dividend be franked?	HomeCo has franking credits of approximately $40.9 million which allows for $95.4 million of fully franked dividends to be distributed to Securityholders. Once the franking credits are fully utilised, HomeCo's dividends are expected to be unfranked.	Section 2.6 Section 6.9.2
What is HomeCo's dividend policy?	HomeCo expects to target a normalised dividend payout ratio in the range of between 80% and 100% of HomeCo's Freehold FFO once the Portfolio is fully stabilised. A payout ratio of Freehold FFO at the lower end of this range may be adopted in circumstances where HomeCo had identified value-accretive investment opportunities including, among other things, brownfield developments and acquisitions. However, the Board retains the discretion to amend the dividend policy based on the financial position of HomeCo at the time the Directors assess whether to declare a dividend. HomeCo intends to declare a dividend to Securityholders every six months with an interim dividend to be declared around February each year and a final dividend to be declared around August each year. The first dividend is expected to be declared in February 2020 and is expected to be a pro rata amount based on the period between the date of Completion and 31 December 2019. The Directors will continue to monitor the appropriateness of the dividend policy to ensure that it meets the ongoing objectives of HomeCo and is in the best interests of Securityholders.	Section 2.6
What is the amount of accumulated tax losses that HomeCo has?	HCL possesses a substantial balance of accumulated tax losses totalling $1.7 billion.	Section 2.4.5
What is the Adjusted NTA per Security on Completion?	HomeCo's Adjusted NTA per Security on Completion is equal to $3.14. The Adjusted NTA per Security is equal to the statutory NTA per Security adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Loans to related parties, (iii) Investment properties – Leasehold (recognised under AASB 16), (iv) Leasehold liabilities (recognised under AASB 16), (v) Provisions and (vi) Deferred tax assets.	Section 6.7.1
What is the Gearing policy of HomeCo?	HomeCo intends to have a capital structure with Gearing of 31.8% on Completion. HomeCo has adopted a target Gearing range of between 30% and 40%. Actual Gearing may exceed 40% if HomeCo considers that circumstances warrant a short-term increase beyond the target Gearing range and it is prudent to do so. HomeCo has entered into a new senior secured syndicated Debt Facility with a syndicate of lenders totalling $500 million. On Completion, it is expected that approximately $325 million of the Debt Facilities will be drawn, leaving approximately $175 million available to be drawn down in the future as part of HomeCo's development and investment strategy.	Section 2.5.1 Section 6.6.1 Section 6.7.3

Topic	Summary	Reference
What is HomeCo's hedging policy?	HomeCo is targeting a range for fixed interest rate exposure of between 50% and 100% of drawn borrowings. HomeCo will review this policy on an ongoing basis in the context of any future indebtedness and the prevailing market conditions. On Completion, HomeCo intends to hedge 50% of its interest rate exposure.	Section 2.5.2

1.6. Leasehold information

Topic	Summary	Reference
Why does HomeCo have exposure to leasehold properties?	When HIC Trustee acquired HCL and its subsidiaries from Woolworths in October 2017, it acquired 19 leasehold properties. 16 of these properties were acquired subject to a parent company guarantee from Woolworths to the various landlords. As part of the acquisition, HIC Trustee provided Woolworths an indemnity in respect of a landlord's enforcement of rights under those leasehold properties. HCL and other subsidiaries guarantee the obligations of HIC Trustee under the indemnity. This effectively means that HomeCo is obligated to continue funding lease and other payments to third party landlords which Woolworths previously made payment to when it operated the Masters Home Improvement business.	Section 7.1
How much is the liability associated with HomeCo's remaining leasehold exposure?	HomeCo has undertaken a process to ascribe a value to these Leasehold Liabilities. The NPV of those Leasehold Liabilities has been valued at $102 million as at the date of this Prospectus. In addition, HomeCo engaged the services of KPMG to provide an opinion as to the reasonableness of the Initial Deposit and the NPV of the Leasehold Liabilities. KPMG was of the opinion that both the proposed amount for the $60 million initial deposit and the calculation of the NPV of the Leasehold Liabilities were reasonable.	Section 7.3
How has HomeCo de-risked leasehold properties in the past?	Since completion of the Acquisition, HomeCo has taken steps to de-risk its exposure on the 19 leasehold properties through the following strategies: • the surrender of the Woolworths Guaranteed Leases; • the repurposing of the site with sub-leases in place in respect of all or some of the site; and/or • the acquisition of the freehold of the relevant property.	Section 7.2

Topic	Summary	Reference
How will the exposure of Securityholders to the Leasehold Liabilities be mitigated?	It is the clear intention that the exposure of new Securityholders to the Leasehold Liabilities will continue to be mitigated. The leasehold mitigation arrangements comprise primarily of: • provision by HIC Trustee of an indemnity to HomeCo in relation to any liability in respect of a Leasehold Liability; • the establishment of the Lease Mitigation Account; • the payment of a $60 million initial deposit, from the proceeds of the Offer, into the Lease Mitigation Account; and • with effect from 31 March 2020, the requirement for HIC Trustee to make additional payments to the Lease Mitigation Account on a periodic basis to ensure that the pro-forma cash balance available in the Lease Mitigation Account as at 31 March and 30 September of each year is the lesser of: – $30 million (increased to reflect CPI); and – an amount equal to 110% of the NPV of the Leasehold Liabilities (or 100%, where the NPV is equal to or less than $5 million).	Section 7.4
How will the Foundation Securityholders ensure alignment with HomeCo in relation to the Lease Mitigation Account?	HIC Trustee has obligations to indemnify HomeCo and make top-up payments to the Lease Mitigation Account. HIC Trustee will own Securities with a value in excess of its obligations under these arrangements (based on the NPV of the Leasehold Liabilities). HIC Trustee has agreed to a voluntary escrow over the Escrowed Securities for a period of two years following Completion.	Section 7.4

1.7. Overview of the Offer

Topic	Summary	Reference
What is the Offer?	The Offer is an initial public offering under which HCL and HCDL are offering to issue 97.0 million Securities at the Offer Price of $3.35 per Security, raising proceeds of approximately $325 million. Each Security issued under this Prospectus will, from the time they are issued, rank equally with all other Securities on issue.	Section 9.1
Who are the issuers of this Prospectus?	Home Consortium Limited and Home Consortium Developments Limited.	Section 9.1

1. Investment Overview continued

<table>
<tr><th>Topic</th><th>Summary</th><th>Reference</th></tr>
<tr><td>What is the structure of the Offer?</td><td>The Offer comprises:

the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus; and
the Retail Offer, consisting of the:

Broker Firm Offer, which is open to Australian resident retail clients and New Zealand resident sophisticated retail clients of Brokers who have received a firm allocation of Securities from their Broker and are not in the United States and are not US Persons; and
Priority Offer, which is open to selected investors in eligible jurisdictions nominated by HomeCo and is capped at $20 million.

No general public offer of Securities will be made under the Offer. Members of the public wishing to subscribe for Securities under the Offer must do so through a Broker with a firm allocation.</td><td>Section 9.2</td></tr>
<tr><td>Is the Offer underwritten?</td><td>The Offer is fully underwritten by the Joint Lead Managers in accordance with the terms of the Underwriting Agreement.</td><td>Section 9.14</td></tr>
<tr><td>Who are the Joint Lead Managers of the Offer?</td><td>The Joint Lead Managers are Credit Suisse (Australia) Limited, Goldman Sachs Australia Pty Ltd and J.P. Morgan Securities Australia Limited.</td><td>Section 13.1.2</td></tr>
<tr><td>How will proceeds of the Offer be used?</td><td>The proceeds from the Offer, issue of Convertible Notes and debt facility drawdown will be used as set out below:
<table>
<tr><th>Sources of funds</th><th>$ 000s</th><th>Uses of funds</th><th>$ 000s</th></tr>
<tr><td>Debt facility drawdown</td><td>325,000</td><td>Refinance existing debt facilities</td><td>415,665</td></tr>
<tr><td>Issue of Convertible Notes[1]</td><td>25,000</td><td>Initial Deposit into the LMA</td><td>60,000</td></tr>
<tr><td>Proceeds from the Offer</td><td>325,000</td><td>Leasehold Acquisitions[2]</td><td>137,250</td></tr>
<tr><td></td><td></td><td>Transaction costs[3]</td><td>38,031</td></tr>
<tr><td></td><td></td><td>Working capital</td><td>24,054</td></tr>
<tr><td>Total Sources</td><td>675,000</td><td>Total Uses</td><td>675,000</td></tr>
</table>
<i>Note:</i>
<i>1. Convertible Notes will be converted into Securities at the time of Completion at the Offer Price.</i>
<i>2. Purchase price excluding stamp duty.</i>
<i>3. Transaction costs include stamp duty.</i></td><td>Section 9.3</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>Reference</th></tr>
<tr><td>What will HomeCo's securityholding structure be on Completion?</td><td>Details of the ownership of Securities prior to and following Completion are set out below:
<table>
<tr><th></th><th>Number of securities pre completion</th><th>Number of securities post completion</th><th>Percentage (undiluted)</th><th>Percentage (diluted)[1]</th></tr>
<tr><td>Securities held by Foundation Securityholders[2]</td><td>93,333,335</td><td>93,333,335</td><td>47.2%</td><td>47.0%</td></tr>
<tr><td>Securities to be issued under the Offer</td><td>Nil</td><td>97,014,911</td><td>49.0%</td><td>48.9%</td></tr>
<tr><td>Number of Securities to be issued on conversion of Convertible Notes</td><td>Nil</td><td>7,462,687</td><td>3.8%</td><td>3.8%</td></tr>
<tr><td>**Total (undiluted)**</td><td>**93,333,335**</td><td>**197,810,933**</td><td>**100.0%**</td><td>**99.6%**</td></tr>
<tr><td>Rights granted to Directors and Key Management Personnel and Employee Grant</td><td>Nil</td><td>783,583</td><td>n/a</td><td>0.4%</td></tr>
<tr><td>**Total (diluted)**</td><td>**93,333,335**</td><td>**198,594,516**</td><td>**100.0%**</td><td>**100.0%**</td></tr>
</table>
Note:
1. Percentage holding on a fully diluted basis has been calculated as if all of the Rights on issue had been vested and converted in accordance with their terms. Refer to Section 5.4 for further details regarding the Rights.
2. The Foundation Securityholders do not hold Securities directly but rather through an equivalent interest in HIC Trustee. Does not include Securities which these Foundation Securityholders may subscribe for under the Offer, nor does it include Securities which will be issued to certain Foundation Securityholders on conversion of the convertible notes, which is dealt with separately within the table.</td><td>Section 9.5</td></tr>
<tr><td>Will the Securities be listed on ASX?</td><td>HCL and HCDL will apply, within seven days of the date of the Prospectus, for admission to the Official List and the quotation of Securities on ASX under the code HMC. It is anticipated that quotation will initially be on a conditional and deferred settlement basis.
Completion is conditional on the ASX approving this application. If approval is not given within three months after such an application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded as soon as practicable without interest (in accordance with the Corporations Act).</td><td>Section 9.17</td></tr>
<tr><td>When can I sell my Securities on the ASX?</td><td>It is expected that the Securities will commence trading on ASX on or about 14 October 2019 on a conditional and deferred settlement basis.
It is expected that Securities will commence trading on ASX on a normal settlement basis on or about 18 October 2019.
It is the responsibility of the Applicants to confirm their allocation of Securities prior to trading in Securities. Securityholders who sell Securities before they receive their holding statements do so at their own risk.</td><td>Key Offer information</td></tr>
</table>

1. Investment Overview continued

Topic	Summary	Reference
How can I apply?	Applicants under the Broker Firm Offer may apply for Securities by completing and lodging a valid Application Form attached to or accompanying this Prospectus with the Broker who invited them to participate in the Offer. Under the Institutional Offer, Institutional Investors have been, or will be, invited to commit to the Joint Lead Managers to acquire Securities. The allocation of the Securities under the Institutional Offer has been, or will be, determined by the Joint Lead Managers and the Stapled Entities. Applicants under the Priority Offer will be (or have been) invited to apply by the Stapled Entities and should follow the personalised instructions provided.	Section 9.8.2
When do I apply?	Applications under the Broker Firm Offer and Priority Offer will only be accepted during the Offer Period, which is open from 9.00am (Sydney time) 1 October 2019 to 5.00pm (Sydney time) 9 October 2019 (unless a later application is expressly permitted by the Stapled Entities). All times and dates referred to in this Prospectus are subject to change and as such if you wish to participate in the Offer, you are encouraged to submit your Application Form as soon as possible after the Opening Date.	Section 9.8.2
What are the minimum and maximum Application amounts?	For Applicants under the Broker Firm Offer and Priority Offer, the minimum Application amount is $2,000 and in increments of at least $500 thereafter. Applicants under the Institutional Offer have been provided with information regarding the Institutional Offer from the Joint Lead Managers. There is no maximum Application amount, however you may be subject to scale back.	Section 9.8.2
What is the allocation policy?	The allocation of Securities between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Stapled Entities in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Section 9.8.4. **Institutional Offer:** The allocation of Securities among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Stapled Entities. **Broker Firm Offer:** For Broker Firm Offer Applicants, it will be a matter for the Brokers how they allocate firm stock among their eligible clients. However, the Stapled Entities, in consultation with the Joint Lead Managers, reserve the right to reject or scale back Applications in the Broker Firm Offer. **Priority Offer:** Allocations under the Priority Offer will be at the absolute discretion of the Stapled Entities (in consultation with the Joint Lead Managers). The Priority Offer is capped at $20 million.	Section 9.8.4
Can the offer be withdrawn?	Yes. The Stapled Entities may withdraw the Offer at any time before the issue of Securities to successful Applicants under the Offer. If the Offer or any part of it does not proceed, all relevant Application Monies will be refunded in full, without interest (in accordance with the Corporations Act).	Section 9.16
Is there a cooling-off period?	Cooling-off rights do not apply to Applications. Once you lodge an Application, you cannot withdraw it (other than in certain limited circumstances permitted by law).	Important information

Topic	Summary	Reference
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 17 October 2019.	Section 9.7

1.8. Taxation

Topic	Summary	Reference
What are the taxation implications of investing in the Securities?	There may be tax implications arising from Applications for Securities. Summaries of certain Australian tax consequences of participating in the Offer and investing in Securities are set out in Section 12. These implications will differ depending on the individual circumstances of the Applicant. Applicants should obtain their own professional taxation advice about the consequences of investing.	Section 12

1.9. Transaction costs

Topic	Summary	Reference
What are the fees and costs associated with the Offer?	Total transaction costs are expected to be approximately $38.0 million. Transaction costs will be paid by the Stapled Entities from the proceeds of the Offer. Included in the transaction costs are stamp duty costs which are expected to be $9.2 million.[23]	Section 14.10
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants who apply for Securities using an Application Form. Investors who buy or sell Securities on ASX may be subject to brokerage and other transaction costs. Transfers of Securities on the ASX should not attract any Australian stamp duty. Securityholders should confirm the stamp duty consequences of dealing with their Securities with their taxation adviser.	Section 9.7

1.10. Further information

Topic	Summary	Reference
Where can I find out more information about the Offer?	If you have further enquiries or questions relating to aspects of this Prospectus or about the Offer, please contact the HomeCo Offer Information Line on 1800 237 687 (toll free within Australia) or +61 1800 237 687 (outside Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether HomeCo is a suitable investment for you, you should seek professional guidance from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.	Section 9.18

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[23] *Includes stamp duty payable on the 3 Leasehold Acquisitions.*

2.

Overview of HomeCo

2. Overview of HomeCo

2.1. Overview of HomeCo

HomeCo is an internally managed property group focused on ownership, development and management. HomeCo is backed by some of Australia's most successful retail organisations and property developers including Spotlight, Chemist Warehouse, Primewest and Aurrum Groups. Since 2017, when HomeCo was established, HomeCo has successfully redeveloped more than 19 former Masters Home Improvement retail stores into a new concept in hyper-convenience based retail and services centres across Australia.

By 31 December 2019, HomeCo's portfolio will consist of 21 redeveloped centres which are open and operating across four states (VIC, QLD, NSW and WA). In doing so, HomeCo will have successfully repurposed 257,000 sqm of GLA[24] to over 230 tenancies.[25] HomeCo's portfolio also includes 9 centres that will be redeveloped in the future.

HomeCo is built on a platform of big brands and hyper-convenience, with each centre anchored by leading brands, including predominantly national major supermarkets, daily-needs and services enterprises. Consumers and retail brands alike benefit from HomeCo's innovative business model which emphasises consumer convenience and keeping tenant occupancy costs down.

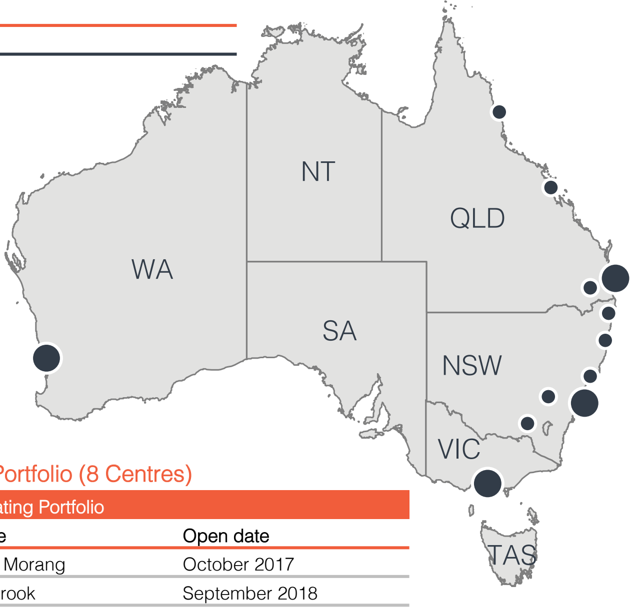
Portfolio summary (expected at 31 December 2019)

WA Portfolio (3 Centres)

Operating Portfolio	
Centre	Open date
Joondalup	November 2018
Butler	April 2019
Development Portfolio	
Centre	
Ellenbrook	

QLD Portfolio (10 Centres)

Operating Portfolio	
Centre	Open date
Tingalpa	October 2017
North Lakes	December 2017
Toowoomba	December 2017
Morayfield	June 2018
Bundall	June 2018
Mackay	July 2018
Upper Coomera[26]	July 2018
Development Portfolio	
Centre	
Cairns	
Richlands	
Springfield	



NSW Portfolio (9 Centres)

Operating Portfolio	
Centre	Open date
Rutherford	September 2017
Penrith	October 2017
Marsden Park	November 2017
Rouse Hill	June 2018
Lismore	July 2018
Development Portfolio	
Centre	
Bathurst	
Coffs Harbour[26]	
St Marys	
Wagga Wagga	

VIC Portfolio (8 Centres)

Operating Portfolio	
Centre	Open date
South Morang	October 2017
Braybrook	September 2018
Box Hill	September 2018
Knoxfield	November 2018
Mornington	May 2019
Keysborough	December 2019
Hawthorn East[26]	December 2019
Development Portfolio	
Centre	
Roxburgh Park	

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24. 21 sites fully or partially expected to be repurposed by 31 December 2019, GLA estimate as at 23 August 2019 and subject to ongoing design changes.

25. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.

26. Centre to be acquired using proceeds of the Offer. All acquisitions are expected to settle by 31 December 2019.

2. Overview of HomeCo continued

2.2. Objectives and strategy of HomeCo

HomeCo's objective is to provide Securityholders with above average risk-adjusted returns for Securityholders through a combination of regular dividend income and capital growth through its strategy of owning, developing and managing its hyper-convenience focussed retail and services assets.

HomeCo intends to achieve its objective by pursuing some or all of the following activities as appropriate in delivering its strategy:

- create an innovative retail and services property offering that resonates with tenants and consumers;
- own a portfolio of properties that are anchored by quality tenants with long term leases;
- continue the redevelopment of properties into new HomeCo convenience based centres;
- capitalise on other value-accretive investment opportunities, including brownfield and greenfield developments (given a low 32% site coverage ratio) and acquisitions;
- pursue future capital partnering and funds management initiatives to generate annuity style management fee income; and
- maintain an appropriate capital structure.

2.3. Business model

HomeCo's internalised business model allows HomeCo to own, develop and manage properties in a way that ensures the principle of hyper-convenience is reflected in each centre and to maximise returns to Securityholders. By leveraging its integrated team, HomeCo has the ability to actively manage properties to deliver positive outcomes for tenants and consumers.

2.3.1. Operating structure

To appropriately manage risk, deliver superior outcomes and maximise returns to Securityholders, HomeCo has internalised high value-add functions, such as leasing and development. In order to maximise operational efficiency and reduce its management expense ratio, HomeCo outsources low-risk functions, such as facilities management and digital marketing to respected third party partners.

The following diagram contains further information on HomeCo's operating structure:

Internalised Platform

Executive Management Team

- Executive team consisting of the Executive Chairman and Chief Executive Officer, Chief Operating Officer, Finance & Strategy Director, Development Director and General Counsel
- Oversees the strategic direction of Home Consortium including overall asset strategy and consideration of new investment opportunities

Leasing	Development	Finance	Marketing and HR	Centre Management
• Experienced in securing anchor tenants for newly repositioned centres • Extensive knowledge of existing and other locally active tenants	• Manages the development approval process with regulators • Works closely with architects and builders to complete developments on time and on budget	• Oversees treasury functions and capital management • Responsible for financial reporting	• Responsible for developing and enhancing HomeCo's brand image • Hiring of new employees, training and development, compliance with investment regulation	• Oversight of outsourced centre management activities
⬇	⬇	⬇	⬇	⬇
Outsourced Activities				
• Leasing team supported by respected 3rd party agents: CBRE	• HomeCo has partnered with 2 architecture firms across its developments • A reputable construction firm is chosen from a panel of 4 reputable national builders • Supported by panel of planning specialists and lawyers	• Non-core administrative functions are performed by reliable partners	• Marketing team is supported by 3rd party marketing, branding and digital media specialists	• Property and facilities management outsourced to an experienced operator: CUSHMAN & WAKEFIELD

2.3.2. Strategic positioning of centres

HomeCo's convenience based retail and services centres are classified into one of three categories based on the type of anchor tenant(s)[27]:

- **Daily Needs (37% of Portfolio)**[28] – anchor tenant(s) consist of retailers of everyday goods
- **Leisure & Lifestyle (43% of Portfolio)**[28] – anchor tenant(s) consist of stores catered toward recreational activities
- **Homewares & Electrical (20% of Portfolio)**[28] – anchor tenant(s) consist of retailers of furniture and electrical appliances

A substantial and increasing proportion of HomeCo's convenience based centres are focused on 'Daily Needs' shopping. This segment of the market is focused on the provision of everyday goods and includes supermarkets, pharmacies and liquor stores. Tenants consist of well-known brands such as Coles, Woolworths, Chemist Warehouse, Liquorland and Dan Murphy's. Daily Needs based centres attract the most visitors (over 25,000 per week[29]) and are more immune to the impact of online retailing due to the fact that the anchor tenant is a supermarket or services provider.

The 'Leisure & Lifestyle' centre category currently represents the largest proportion of HomeCo's portfolio. This segment of the market comprises stores catered towards recreational activity tenants, such as Spotlight, Anaconda, Supercheap Auto, Decathlon and PETstock. Leisure & Lifestyle based centres also enjoy high visitation numbers (over 15,000 per week[29]) and offer a tenant mix that is differentiated from typical shopping centres.

The remainder of the Portfolio is classified as 'Homewares & Electrical'. This segment of the market is most similar to a traditional large format retail offering and includes retailers of furniture and electrical appliances, such as Amart Furniture, Nick Scali, Bing Lee and The Good Guys.

A distinguishing feature of HomeCo's portfolio is its 19% weighting towards services tenants, including government services, childcare providers, gyms, play centres, medical centres and veterinary centres. Services tenants are not limited to a particular centre classification and are instead located throughout the Portfolio. Like Daily Needs retailers, services tenants are largely non-discretionary and support HomeCo's convenience based offering. HomeCo's intention is to increase its weighting towards services tenants to 25% over time.

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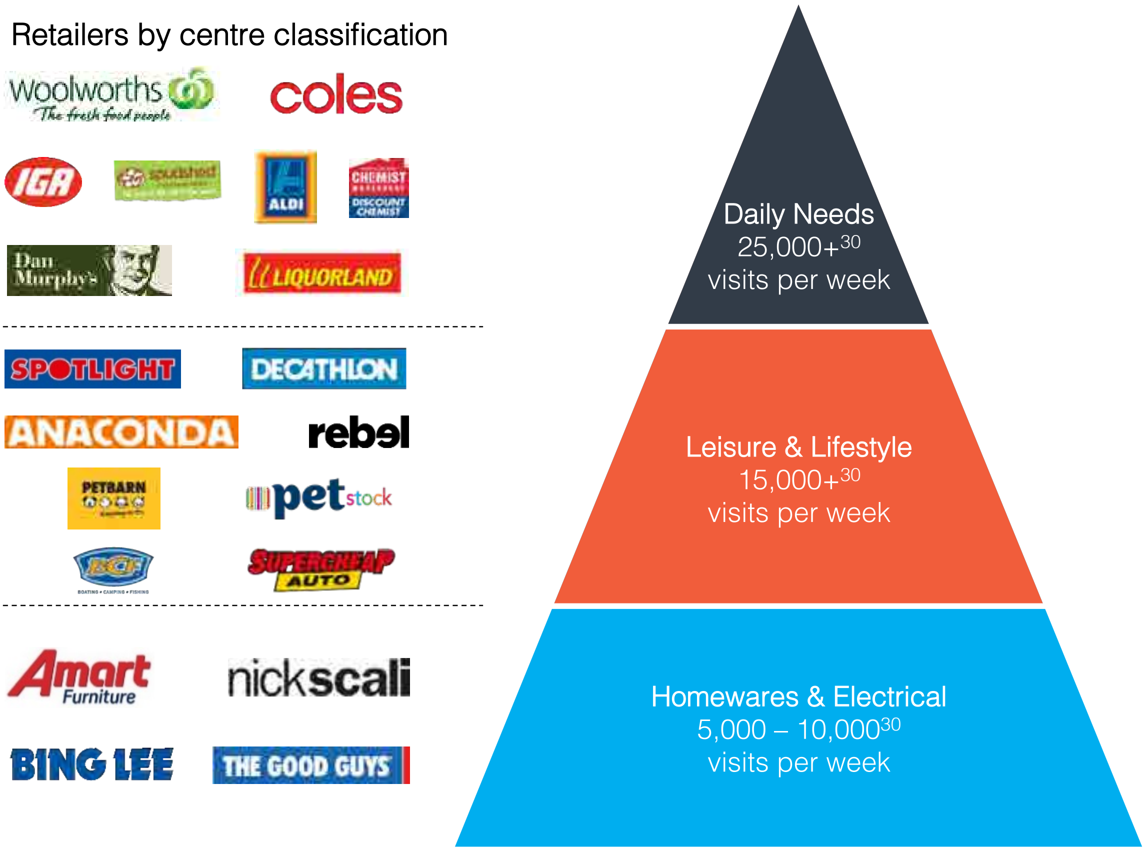
[27] *An anchor tenant is typically the largest tenant in a centre by area that is secured at an early stage of leasing.*

[28] *By number of centres (including the Development Portfolio).*

[29] *Based on visitor data collection technology; HomeCo estimate post stabilisation of the Portfolio.*

HomeCo convenience based centre retailers by centre classification

Retailers by centre classification



Services

- ✔ Government services
- ✔ Childcare
- ✔ Gyms
- ✔ Play centres
- ✔ Medical & Radiology
- ✔ Veterinary services
- ✔ Other
- ✔ Health & Beauty – hair, nails & massage
- ✔ Food & beverage

HomeCo's portfolio specifically has no exposure to department stores, discount department stores or fashion/apparel retailers.

HomeCo has positioned the rent it charges to tenants competitively compared to other retail landlords and at the bottom end of the retail landlord cost curve. The average gross rent per square metre across the HomeCo portfolio of $258[31] is attractive for tenants who are looking to reduce occupancy costs and is expected to allow HomeCo to attract tenants from competing shopping centres that have higher average rents (e.g. neighbourhood and sub-regional shopping centres). By setting rents at the low end of the retail cost curve, HomeCo is well positioned to positively grow its rental income and retain tenants for additional lease terms upon lease expiry. This strategy has led to HomeCo attracting over 230 tenancies to its platform since its launch in 2017.[32]

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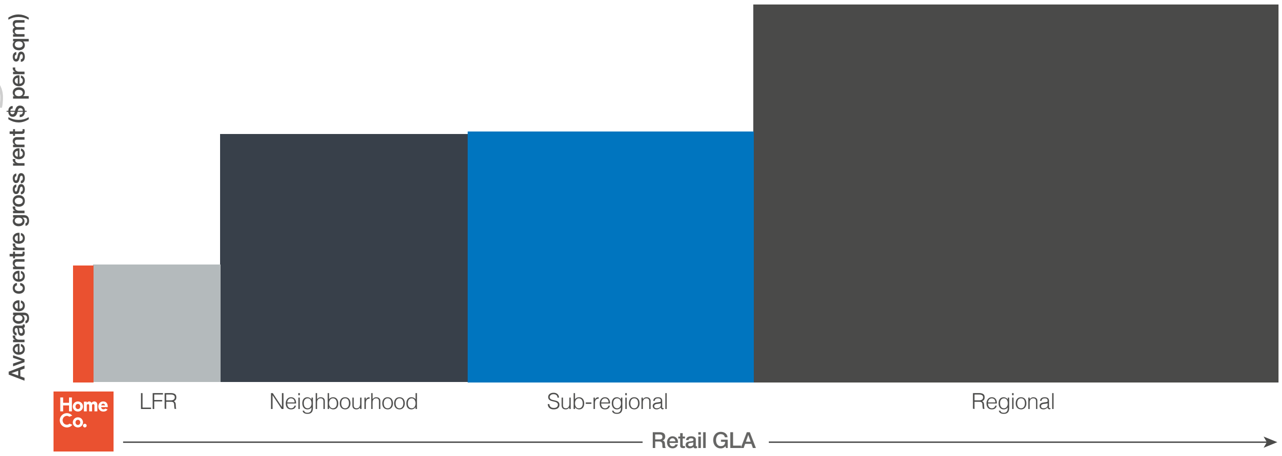
[30] *Based on visitor data collection technology; HomeCo estimate post stabilisation of the Portfolio.*

[31] *Average gross rent/sqm based on signed leases and signed MoUs across the Portfolio.*

[32] *Based on signed leases and signed MoUs across all 30 centres as at 23 August 2019.*

Gross rent benchmarks per retail subsector[33]



2.3.3. Features of a typical HomeCo convenience based centre

Key attributes of HomeCo's convenience based centres include:

- substantial on-grade car parking (~400 per centre, on average);
- a complementary mix of retailers and services that align with the principles of hyper-convenience;
- attractive locations that are close to large population centres, major road arterials and intersections, and public transport links; and
- modern air-conditioned buildings with quality amenities (free WiFi, kids play centres, parent's rooms) and centre events (promotions, seasonal events) to increase dwell time.

HomeCo believes that the inclusion of these features within each HomeCo branded centre is a key differentiating feature which attracts consumers to HomeCo centres.

On-grade parking at a typical HomeCo Centre

HomeCo Mackay

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33. Source: JLL as at 1Q19; Based on average rents across specialty and anchor tenants.

Example of an interior fitout for a redeveloped Centre

HomeCo Lismore

HomeCo Mornington

HomeCo North Lakes

2.3.4. Marketing strategy

To gain meaningful insights into centre performance and consumer preferences, HomeCo has invested heavily into data analytics and marketing. New HomeCo centres are deployed with WiFi infrastructure (with a single sign-on facility across all HomeCo sites) and visitor data collection technology that provides HomeCo with tools to assess centre and tenancy performance, shopper flows and dwell time. HomeCo believes the consumer data provides HomeCo with a competitive advantage relative to other retail landlords that do not employ advanced data analytics software, allowing HomeCo to improve and refine its strategy and better engage with tenants.

HomeCo has invested significantly in its brand and platform, and underwent a rebranding exercise in 2019. HomeCo has a well-developed online presence (website and social media) which it uses to promote each centre through centre events, prizes and giveaways, as well as general advertising. This comprehensive marketing strategy has proven effective, with recent centre openings attracting large crowds.

Examples of HomeCo's Brand design and advertising

Win a *$500* shopping spree!

Shop at HomeCo Upper Coomera for your chance to win!

Spend $20 or more at HomeCo Upper Coomera during the month of July and email a copy of your receipt/s to uppercoomera@home-co.com.au.

Live *your* way.
homecouppercoomera.com.au

Free parking
Free Wifi
Open 7 days

Like and win $1000!

Upper Coomera, let's *celebrate!*
13 to 14, July
Kids activities, live music, food, special offers, giveaways and more!

HomeCo Butler centre opening (April 2019)[34]

2.3.5. Development strategy

Development track record

Since its inception in 2017, HomeCo has successfully repositioned 19 former Masters Home Improvement centres into operating HomeCo convenience based centres and will complete an additional 2 centres by December 2019.[35] In doing so, HomeCo has created over 257,000 sqm of gross lettable area.[36] HomeCo takes a disciplined approach to developing new centres with the aim to minimise risk, reduce development timeframes and enhance development returns for Securityholders.

The pre-development value of the 19 existing freehold sites that have been redeveloped into HomeCo convenience based centres was $399.7 million at October 2017 when HomeCo acquired the portfolio. From the period October 2017 to 30 June 2019 HomeCo incurred capital expenditure, tenant incentives and capitalised development costs of $171.9 million. As at June 2019, HomeCo had realised a valuation uplift of $73.8 million representing a development margin of 13%.

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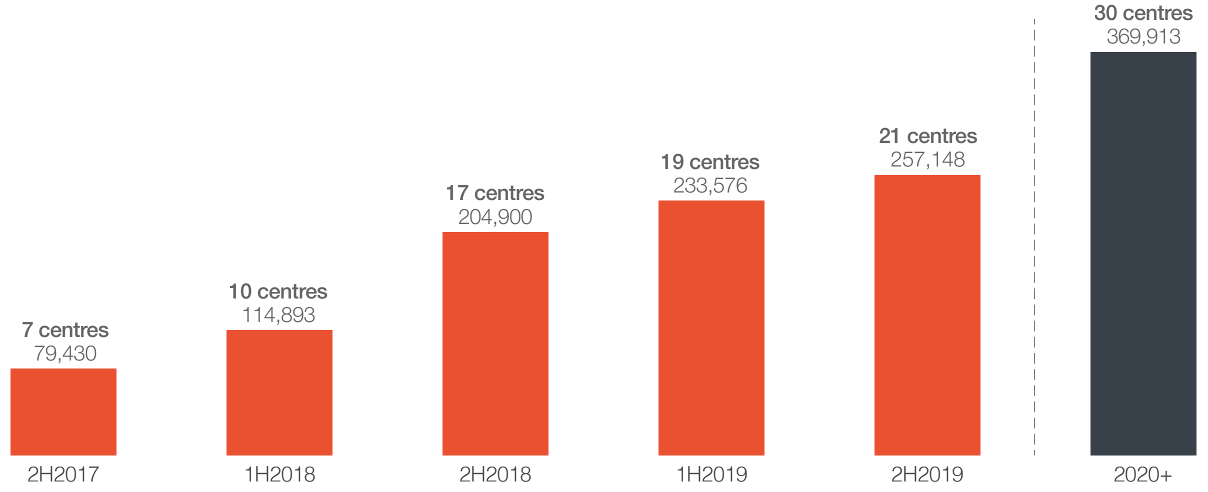
[34] People counting sensors recorded 8,000+ visits on opening day and 30,000+ visits during the opening week.

[35] 21 sites fully or partially expected to be repurposed by 31 December 2019.

[36] GLA estimate as at 23 August 2019 and subject to ongoing design changes.

Freehold development: GLA (sqm) growth since HomeCo's inception (calendar years)



Operating Portfolio[37]					Development Portfolio[38]
Marsden Park, NSW	Bundall, QLD	Box Hill, VIC	Butler, WA	Hawthorn East, VIC	Bathurst, NSW
North Lakes, QLD	Morayfield, QLD	Braybrook, VIC	Mornington, VIC	Keysborough, VIC	Cairns, QLD
Penrith, NSW	Rouse Hill, NSW	Joondalup, WA			Coffs Harbour, NSW
Rutherford, NSW		Knoxfield, VIC			Ellenbrook, WA
South Morang, VIC		Lismore, NSW			Richlands, QLD
Tingalpa, QLD		Mackay, QLD			Roxburgh Park, VIC
Toowoomba, QLD		Upper Coomera, QLD			Springfield, QLD
					St Marys, NSW
					Wagga Wagga, NSW

Approach to development

HomeCo's brownfield developments of former Masters Home Improvement centres are inherently de-risked from a time and cost perspective as the external building structure and supporting infrastructure is already complete. This eliminates potential issues associated with 'breaking ground' and weather delays. As a result, HomeCo's development strategy is generally limited to redesigning the interior of each building.

At the planning stage, HomeCo partners with an architectural firm to develop a concept for each store. Simultaneously, HomeCo utilises its in-house leasing team combined with the support of external leasing agents to secure anchor tenants for each centre. Once anchor tenants are secured, the leasing team will aim to find leasing pre-commitments for smaller tenancies in the new centre. In parallel with the leasing process, HomeCo also manages the development approval process with local government authorities.

Only when leasing pre-commitments have been obtained for 50% or greater of total centre net lettable area does construction work commence. HomeCo has a panel of four reputable builders which it requests to tender on construction projects. All construction contracts are awarded on a fixed price basis.

Construction works typically last for six to ten months for each redevelopment. During this time, HomeCo actively seeks to lease any remaining uncommitted space.

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37. Operational centres are open and fully or partially expected to be repurposed by 31 December 2019.

38. GLA estimate as at 23 August 2019 and subject to ongoing design changes.

Development Portfolio

HomeCo's Development Portfolio currently consists of 9 properties across four states (VIC, QLD, NSW and WA). A summary of the 9 properties to be redeveloped and the proposed development type is set out in the table below. Three of the 9 properties have existing trading tenancies comprising approximately 11,500 sqm of floor space either through existing external pad tenancies or partial completion of the building redevelopment.

Centre	Target centre classification	Property improvements	Existing key tenants	Development pre-commitments by tenant type[39]
Bathurst, NSW	Leisure & Lifestyle	Building + external pad tenancies	Spotlight, PETstock, Plus Fitness	Furniture
Cairns, QLD	Daily Needs	Building	–	Government services and furniture
Coffs Harbour, NSW	Leisure & Lifestyle	Building	Coffs Coast Mazda	Anaconda and gym
Ellenbrook, WA	Daily Needs	Building	–	Supermarket and sports retailer
Richlands, QLD	Daily Needs	Building	–	Supermarket, gym and childcare
Roxburgh Park, VIC	Daily Needs	Building	–	Childcare and gym
Springfield, QLD	Leisure & Lifestyle	Building	–	Childcare and gym
St Marys, NSW	Daily Needs	Building	–	Food & beverage
Wagga Wagga, NSW	Homewares & Electrical	Building + external pad tenancies	Anaconda, PETstock & Pillowtalk	Homemaker
Total			**11,500 sqm of GLA open and trading**	

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[39] *Development tenant pre-commitments comprise signed leases, signed MoUs and issued MoUs.*

Development case study: HomeCo Box Hill

HomeCo Box Hill is a 4ha property located in Melbourne's east, approximately 14km from Melbourne's CBD and is home to a growing and diverse population. At acquisition date in 2017, HomeCo Box Hill comprised 3 existing external Pad tenancies in the car park leased to Petbarn, Repco and Amway and the main building of the former Masters Home Improvement store.

HomeCo began the process of seeking development approval for the main building in late 2017. Decathlon, Chemist Warehouse and Kitchen Warehouse were secured as anchor tenants in mid 2018. HomeCo worked closely with its architects to design the Leisure & Lifestyle centre. Upon obtaining leasing pre-commitments for 71% of the centre, repurposing building works began mid-2018 and lasted for a period of 4 months.

HomeCo spent a total of $11.7m on repurposing the centre (including capital expenditure and incentives) and the property is now worth $47.6m. After taking into account HomeCo's $24.8m independent valuation on acquisition, the company has delivered a development profit of $11.2m equating to a development margin of 31%.

Key centre statistics	
Land area (sqm)	40,475
GLA (sqm)	13,893
WALE	10.3 years
Trading occupancy	78.6%
Occupancy	95.8%

Development returns	
Valuation on acquisition (2017)	$24.8m
Repurposing costs	$11.7m
Independent valuation (Sep-19)	$47.6m
Development profit	$11.1m
Development margin	31%

Development milestones

Planning commenced	Anchor tenants secured	Construction starts	Centre opened
Late 2017 / early 2018	Mid 2018	Mid-late 2018	Nov 2018

Before development

After development

Centre Floorplan

2.4. Benefits of an investment in HomeCo

2.4.1. Portfolio of modern assets generating a quality diversified income stream

HomeCo's property portfolio consists of 21 operating centres and 9 centres to be redeveloped that are geographically diversified across four Australian states. As at 30 September 2019, the Portfolio had a fair value of $925 million.[40]

Key features of HomeCo's portfolio include:

- strategically located centres in VIC, QLD, NSW and WA in metropolitan growth corridors;
- a stable and secure source of rental income through a high occupancy rate of 93.5% and long WALE of 8.8 years across the 21 operating centres;
- an average portfolio gross rental rate of approximately $258 per sqm, which is expected to grow through embedded escalation via CPI[41] and fixed rent reviews (3.16% p.a. avg.), and is expected to step up on lease renewals & tenant turnover;
- a low site coverage ratio of 32% on a substantial land bank holding of 1.14 million sqm providing future expansion and alternate use opportunities;
- tenants consisting of leading national retailers and service providers whereby approximately 84% are national tenants and 30% are public companies;[42] and
- buildings with an average age of six years with all assets having been either recently redeveloped into HomeCo centres in the last two years or scheduled to be redeveloped in the future.

A summary of the Portfolio is set out below, with further details on each Property set out in Section 3.2:

Portfolio	Number of centres	GLA[43]	Site area	Site coverage ratio	WALE[44]	Trading occupancy[45]	Occupancy[46]	Fair value[47]	Cap rate[48]
	#	(sqm)	(sqm)	(%)	(years)	(%)	(%)	($m)	(%)
Open now	19	233,576	736,703	32%	8.4	81.3%	93.1%	688.6	6.76%
Open by 31 December 2019	2	23,572	64,140	37%	11.5	nm	97.4%	96.7	6.75%
Total Operating Portfolio	**21**	**257,148**	**800,843**	**32%**	**8.8**	**nm**	**93.5%**	**785.3**	**6.76%**
Centres to be redeveloped	9	112,765	338,382	33%	nm	nm	nm	139.7	7.34%
Total Portfolio	**30**	**369,913**	**1,139,225**	**32%**	**8.8**	**nm**	**93.5%**	**925.0**	**6.85%**

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[40] *Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.*

[41] *A number of leases include a clause which stipulates that the escalations will be the higher of CPI or a fixed percentage.*

[42] *Based on signed leases and signed MoUs across the Portfolio.*

[43] *Estimate as at 23 August 2019 and subject to ongoing design changes.*

[44] *By gross income. Based on signed leases and signed MoUs across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019.*

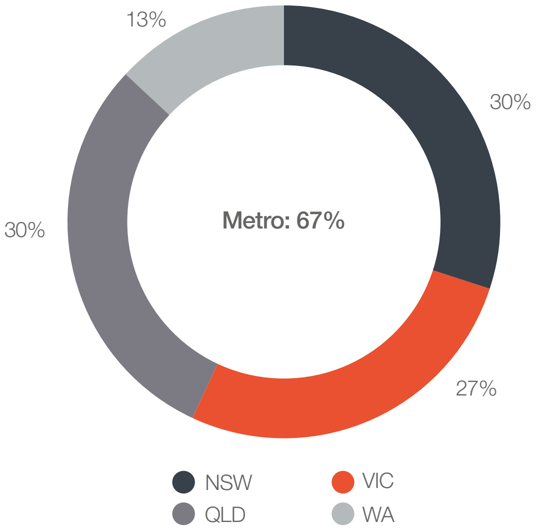
[45] *By GLA.*

[46] *By GLA across 21 centres expected to be open by 31 December 2019. Total includes signed leases (87.6%) and signed MoUs (5.9%).*

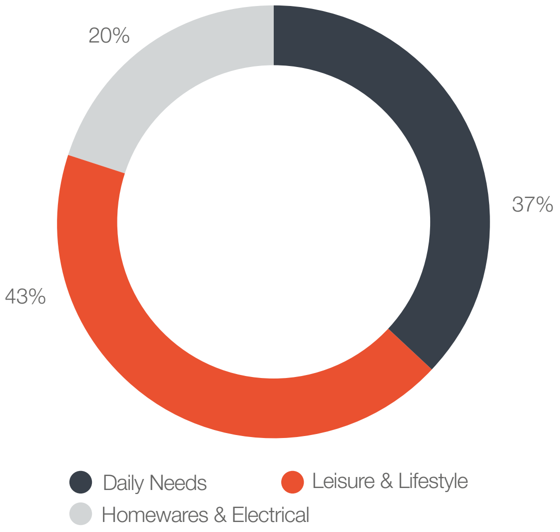
[47] *Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.*

[48] *Based on independent valuations as at 30 September 2019 for 27 freehold properties.*

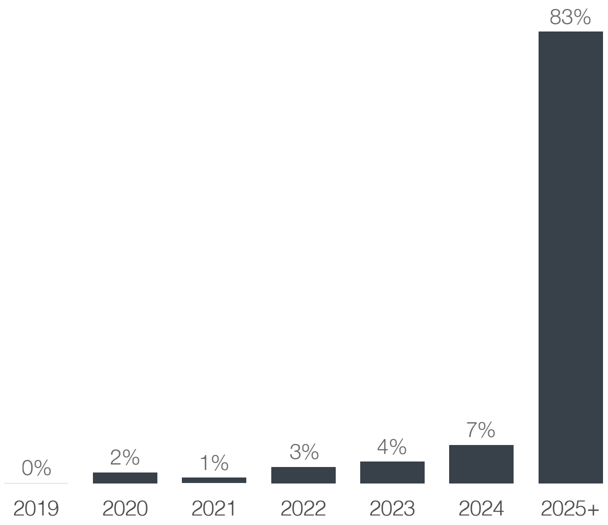
Portfolio split by geography[49]



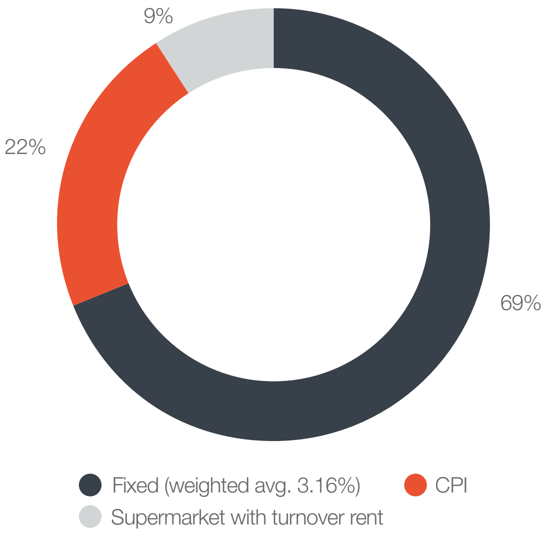
Portfolio split by centre classification[50]



Lease expiry profile[51]



Rent review composition[52]



2.4.2. Opportunity to participate in income and capital growth upside

Securityholders are expected to benefit from HomeCo continuing the repositioning of former Masters Home Improvement sites into new HomeCo centres. HomeCo's Development Portfolio includes 9 properties which are scheduled to open in the future. The completion of each development is expected to be value accretive to Securityholders as:

- HomeCo expects to realise a development profit upon practical completion of each development which is expected to result in an uplift to HomeCo's NTA per Security and attractive total returns to Securityholders; and
- additional rent will be generated from the opening of these properties which will support growth in FFO and dividends.

The following chart shows the difference in value per square metre of the 19 freehold operating properties compared to the value per square metre of the 8 freehold development properties. HomeCo believes there is scope for value uplift once the repositioning of the Development Portfolio is completed.

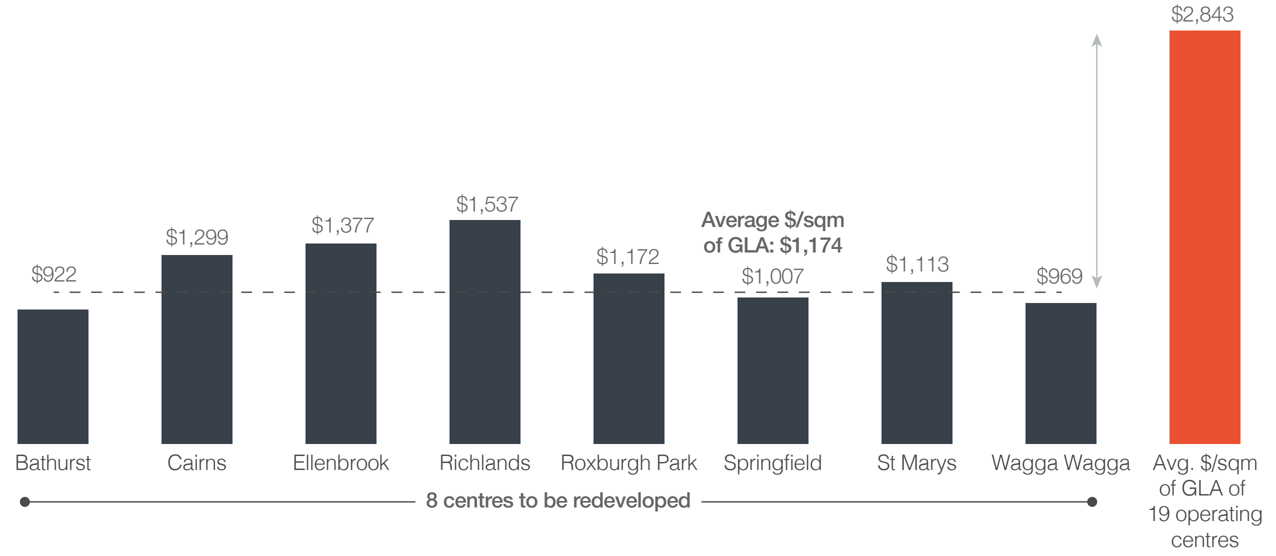
49. By GLA.

50. Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres.

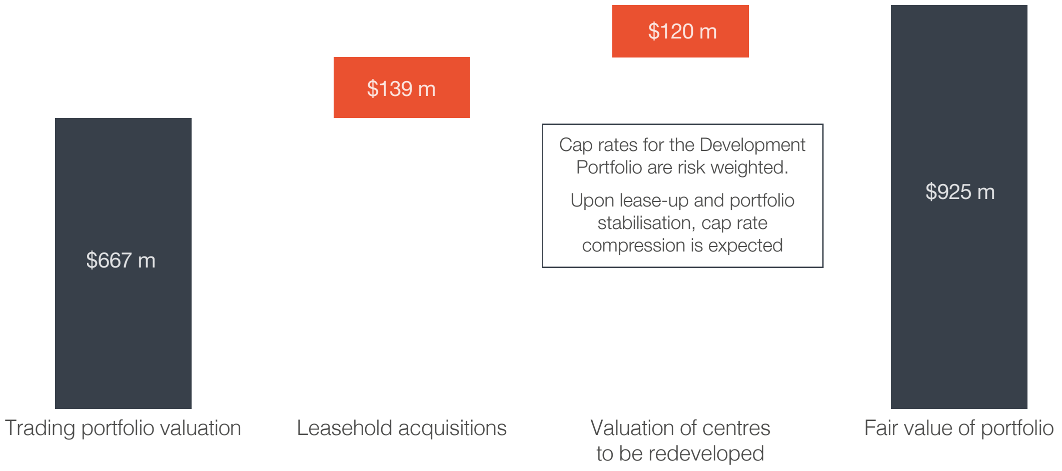
51. By income. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.

52. By gross passing rent. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.

Valuation per square metre of GLA of Operating Portfolio vs Development Portfolio (excluding Leasehold Acquisitions)[53]



Components of the Portfolio Weighted Average Cap Rate[54]



Cap rates for the Development Portfolio are risk weighted.

Upon lease-up and portfolio stabilisation, cap rate compression is expected

Number of centres	19[55]	3	8[56]	30
Weighted average capitalisation rate	6.76%	n/a	7.34%	6.85%

2.4.3. Strong alignment of interests between management, Foundation Securityholders and new Securityholders

2.4.3.1. Internally managed structure

HomeCo's internally managed structure allows it to have a clear alignment of management interests to those of Securityholders. This structure avoids the payment of funds management, development management, acquisition and disposal fees to a third party fund manager and enables Securityholders to retain all upside from value-add activities which the Group undertakes.

The internally managed structure also results in increased operating leverage and efficiency as HomeCo increases the number of centres under management.

[53] *Excludes the 3 Leasehold Acquisitions. The 27 other properties have been independently valued as at 30 September 2019.*

[54] *Portfolio Valuation excludes $4.1m relating to Roxburgh Park land which has been recorded as an asset held for sale.*

[55] *Trading portfolio refers to HomeCo's Operating Portfolio, excluding the Leasehold Acquisitions of Hawthorn East and Upper Coomera.*

[56] *Coffs Harbour has been excluded as it is a Leasehold Acquisition (but is classified as a centre to be redeveloped in other sections of this Prospectus).*

2.4.3.2. Foundation Securityholder ownership and voluntary escrow arrangements

HomeCo's Foundation Securityholders comprise some of Australia's leading property developers and retailers, each of whom has extensive experience in their respective areas of business. The Offer provides new Securityholders the opportunity to invest alongside these highly reputable developers and retailers and to share in their vision of an innovative retail property offering.

Aurrum Group Investors have committed to securityholdings of 34.2% in HomeCo following Completion (via a combination of direct Securityholdings and equivalent interest in HIC Trustee) and will acquire 4.3 million Securities either as part of the Offer or on conversion of the Convertible Notes issued to them.

Spotlight Group Holdings and Chemist Warehouse Group have committed to securityholdings of 10.0% and 9.6%, respectively, in HomeCo following Completion (via a combination of direct Securityholdings and equivalent interest in HIC Trustee) and will acquire 9.8 million and 9.0 million Securities, respectively, either as part of the Offer or on conversion of the Convertible Notes issued to them.

Primewest will not dispose of any Securities as part of the Offer and is expected to own 5.0% of the Group following Completion (via an equivalent interest in HIC Trustee).

The table below outlines the ownership of the Foundation Securityholders pre and post the Offer.

Foundation Securityholders ownership in HomeCo[57]

Foundation Securityholders	Description	Indirect Securityholding pre Completion[58]	Indirect Securityholding post Completion[59]	Total Securityholding post Completion
		(%)	(%)	%
Aurrum Group Investors		67.9%	32.0%	34.2%
Spotlight Group Holdings shareholders	Owner and operator of the Spotlight and Anaconda retail brands which have 200 stores nationally and employ approximately 8,000 employees.	10.7%	5.0%	10.0%
Chemist Warehouse Group shareholders	Australia's 7th largest retail group with ~400 stores, distributing a range of pharmacy and other health and beauty products.	10.7%	5.0%	9.6%
Primewest Property Investors shareholders	Australian wholesale property syndicator and developer managing a portfolio of over $2.0 billion. Invests across a broad range of property sectors.	10.7%	5.0%	5.0%
Total		**100.0%**	**47.2%**	**58.8%**

On Completion, the Foundation Securityholders will own, through HIC Trustee, approximately 47% of the Securities on issue.

The Foundation Securityholders (through HIC Trustee) will enter into voluntary escrow arrangements in relation to 93.3 million pre-Completion Securities they hold. The voluntary escrow arrangements prevent the Foundation Securityholders from disposing of any of their Escrowed Securities until two years from the Completion date. Any Securities acquired by Foundation Securityholders as part of the Offer or held directly will not be subject to any escrow arrangements following Completion.

See Section 7.4.4 for further details of the escrow arrangements.

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[57] See Section 9.5.2 for more information on HomeCo's Securityholding structure pre and post Completion.

[58] The Foundation Securityholders do not hold these Securities directly but rather through an equivalent interest in HIC Trustee.

[59] The Foundation Securityholders do not hold these Securities directly but rather through an equivalent interest in HIC Trustee.

2.4.3.3. Major tenants of HomeCo are also substantial Securityholders of HomeCo

Certain Foundation Securityholders also own retail businesses that are significant tenants of HomeCo. Following Completion, approximately 7.8% of HomeCo's gross income will be sourced from Securityholders.

The table below sets out the leasing profile in HomeCo of certain Foundation Securityholders.

Tenant	# of sites	% of HomeCo's gross income
	#	(%)
Spotlight Group Holdings (owner and operator of Spotlight and Anaconda)	15	5.3%
Chemist Warehouse Group	9	2.5%
Total	**24**	**7.8%**

Both Spotlight Group Holdings and Chemist Warehouse Group are well-known national brands that attract consumers to HomeCo centres.

Leases between HomeCo and its Securityholders are the result of arm's length negotiations, contain market terms and are struck at market prices. HomeCo has adopted corporate governance policies to manage actual or perceived conflicts of interests. See Sections 5.5.5 and 13.3 for further information on related party transactions.

2.4.4. Further growth opportunities

In addition to redeveloping the remaining 9 centres in HomeCo's portfolio, the Group has the potential for additional earnings and capital growth from:

- ancillary income growth;
- brownfield developments at existing sites;
- acquisition of some or all of the remaining leasehold properties;
- acquisition of properties that are consistent with HomeCo's strategy;
- funds management activities;
- future mixed use developments (including town centre developments); and
- strategic investments.

Each of these growth opportunities is explained in more detail in the following Sections.

2.4.4.1. Ancillary income growth

The Stapled Entities have the opportunity to generate income from renting vacant space with no or minimal capital investment from HomeCo. These initiatives include casual mall leasing, children's rides, vending machines, car washes, telecommunications towers and bottle collection schemes.

In addition, the Stapled Entities will look to increase FFO through reducing centre overheads. As HomeCo is a direct consumer of electricity required for common areas, such as air conditioning and lighting, installing solar panels on the roof of each centre could meaningfully reduce costs. HomeCo plans to conduct feasibility analyses once centres have adequate historical consumption data and target an attractive return on investment.

2.4.4.2. Brownfield developments at existing sites

Pad developments are the construction of new tenancies outside an existing centre (either as a group or standalone) in the car park, whilst brownfield developments involve the expansion of existing centres to create additional convenience retail gross lettable area. HomeCo's site coverage ratio of 32% means there is considerable land available on which to construct pad and brownfield developments.

Pad and brownfield developments provide incremental rental income to HomeCo and can result in attractive returns. In addition, HomeCo has a successful track record of securing development approvals, leasing new space and managing the construction and fitout of retail space through its experience in redeveloping its current Portfolio.

HomeCo is currently building its first pad development at Rouse Hill for Government services. Other potential pad site tenants include:

- services (e.g. childcare centres and government services);
- quick service restaurants (e.g. KFC, McDonalds and Guzman y Gomez); and
- petrol stations.

HomeCo has received interest from food & beverage and petrol station operators in relation to leasing pad sites.

Example of a pad site adjacent to an existing centre

2.4.4.3. Acquisition of some or all of the remaining leasehold properties

In addition to the existing Portfolio, HomeCo owns leasehold interests in a further 11 properties (see Section 7 for further information).[60] For a number of leasehold properties that have, or are scheduled to be, redeveloped into HomeCo convenience based centres, the Group has a right of first refusal to acquire the freehold title (whilst the lease remains in effect).

For certain leasehold properties, there may be strategic benefits for the Group to pursue the acquisition of the freehold title. By acquiring the freehold title to certain leasehold properties, HomeCo is able to further diversify its Portfolio and grow its rental income.

2.4.4.4. Acquisition of properties that are consistent with HomeCo's strategy

HomeCo will seek to identify real estate acquisitions outside of the leasehold property portfolio if they represent value-accretive investment opportunities that complement the Group's strategy of delivering above average risk-adjusted returns for Securityholders through a combination of regular dividend income and capital growth.

HomeCo is well positioned to leverage its development capability, prior track record of repositioning centres and existing tenant relationships to grow its Portfolio.

2.4.4.5. Funds management activities

As HomeCo is internally managed, it has the opportunity to create a funds management company to recycle capital and increase return on equity. The funds management company could retain partial ownership in the assets and collect recurring performance, management and leasing fees.

HomeCo currently manages a leasehold portfolio of sites that were included as part of its acquisition in 2017. HomeCo receives a management fee to manage each property. See Section 7 for further information on the leasehold portfolio.

2.4.4.6. Future mixed use developments (including town centre developments)

As a number of HomeCo sites are located within major capital city growth corridors, opportunities may arise to pursue mixed use developments (e.g. Richlands). Mixed use developments involve the addition of non-retail components either adjoining or above existing HomeCo centres. Examples include the development of commercial office towers, residential apartments or hotels. As the site coverage ratio of HomeCo's centres is 32%, mixed use developments could be completed without having to modify the centres themselves. HomeCo's leases with tenants generally preserve the right for HomeCo to develop a particular centre.

Town centre developments are a form of development whereby, with the appropriate planning approvals, the land on these sites can be utilised for the development of mixed use developments, which could include residential, aged care and other services, in addition to social infrastructure such as playgrounds, roads and shared amenities. One of HomeCo's sites, Richlands, already has town centre zoning approval.

Mixed use developments and town centre developments are expected to increase the value of the underlying HomeCo site and potentially provide increased total returns to Securityholders through the conversion of excess land to higher and better end use applications.

2.4.4.7. Strategic investments

HomeCo will consider making investments in retail or services opportunities that are value-accretive.

2.4.4.8. Asset recycling

HomeCo will also consider the divestment of properties where the transaction is value-accretive or the property is considered non-strategic.

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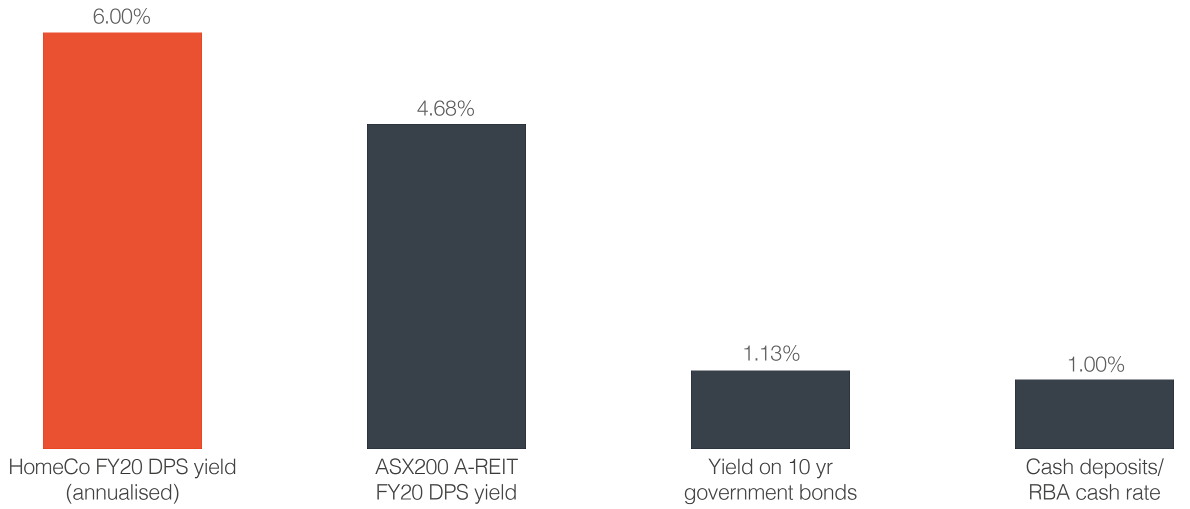
[60] *Excludes 3 leasehold properties which are expected to be acquired by 31 December 2019 and 4 sites where HomeCo no longer has a leasehold in place, however has a contractual obligation to pay rental top-ups for the remaining lease term.*

2.4.5. Attractive Financial metrics

HomeCo is forecast to have an annualised fully franked dividend yield of 6% (based on the Offer Price) for the period from Completion to 30 June 2020. This dividend yield compares favourably to the average distribution yield of the Australian REIT sector and the yield provided by investing in government bonds, as shown below. HomeCo expects to pay a fully franked dividend in respect of FY20 as it anticipates utilising its existing franking credit balance of $40.9m which allows for $95.4 million of fully franked dividends to be distributed to Securityholders.

Comparison of returns relative to other asset classes



Source: Bloomberg as at 17 September 2019.

Growth in dividends will be underpinned by fixed rental reviews and the long lease expiry profile of HomeCo's Operating Portfolio, combined with future income from the 9 centres remaining to be redeveloped that are yet to open:

- approximately 69% of the income from the Operating Portfolio is subject to annual fixed rental increases at a weighted average rental review ("**WARR**") of 3.16%; and
- 9 centres that will be redeveloped and are expected to open in the future.[61]

HomeCo is forecast to offer investors an attractive forecast total return. Investor total return is underpinned by the forecast annualised fully franked dividend yield of 6% (based on the Offer Price) combined with the NTA uplift that is expected to be realised when each of the remaining 9 assets in the Portfolio is redeveloped and reaches completion.

On Completion, HomeCo intends to have a capital structure with Gearing of 31.8%. HomeCo has adopted a target Gearing range of between 30% and 40%.

HCL has a substantial balance of unused tax losses totalling approximately $1.7 billion. The ability of HCL to utilise these tax losses for future years is dependent on a number of matters, including HCL satisfying the applicable conditions under tax laws.

2.4.6. Experienced board and management team

The Stapled Entities each have a board with significant expertise in the areas of property, retail, governance, management, finance and law. The Board consists of six Directors, of whom three are Independent Non-Executive Directors.

HomeCo has a highly experienced senior management team with expertise across retail leasing, real estate development, corporate finance, law, marketing and human resources.

The majority of HomeCo's senior management team has been in place since the consortium was formed to acquire HomeCo in 2017 and has been responsible for the growth in HomeCo's portfolio to date. The management team has successfully repurposed 257,000 sqm of GLA[62] to over 230 tenancies[63] since the HomeCo brand was first launched in late 2017.

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61. Repurposing will be undertaken where doing so is expected to be value accretive.

62. 21 sites fully or partially expected to be repurposed by 31 December 2019, GLA estimate as at 23 August 2019 and subject to ongoing design changes.

63. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.

HomeCo's senior management team

Name	Title
David Di Pilla	Executive Chairman and Chief Executive Officer
Sid Sharma	Chief Operating Officer
Will McMicking	Finance and Strategy Director
Andrew Selim	General Counsel and Company Secretary
Andrew Boustred	Development Director
Angy Dinevska	Human Resources Manager[64]
Clare Chapman	Financial Controller

See Section 5.1 for further information on the Board and senior management.

2.5. Capital management strategy

HomeCo will use a combination of debt and equity to finance its activities. HomeCo has adopted a target Gearing range of between 30% and 40%. Actual Gearing may exceed 40% if HomeCo considers that circumstances warrant a short-term increase beyond the target Gearing range and it is prudent to do so.

2.5.1. Debt facilities

HomeCo has entered into senior secured syndicated debt facilities totalling $500 million, comprised of two tranches ("**Debt Facilities**"). The first tranche consists of a three year $325 million term loan facility to be used to fund general corporate purposes, refinance certain existing debt facilities and potential property acquisitions and the second tranche consists of a three year $175 million revolving facility to be used to fund capital expenditure, acquisitions and general corporate purposes.

On Completion, it is expected that approximately $325 million of the Debt Facilities will be drawn, leaving approximately $175 million available to be drawn down in the future as part of HomeCo's development and investment strategy.

The Debt Facilities will be secured by, among other things, first ranking registered real property mortgages over all freehold Properties within the Portfolio and all assets of HomeCo (with certain permitted exclusions).

See Section 13.1.3 for further details of the Debt Facilities.

2.5.2. Hedging policy

To manage the risk arising from the fluctuation of interest rates, HomeCo will enter into fixed rate borrowings or interest rate swaps to convert floating interest rate borrowings to fixed interest rates.

HomeCo is targeting a range for fixed interest rate exposure of between 50% and 100% of drawn borrowings. HomeCo will review this policy on an ongoing basis in the context of any future indebtedness and the prevailing market conditions.

On Completion, HomeCo intends to hedge 50% of its interest rate exposure.

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[64] *Angy Dinevska is an employee of Aurrum Pty Ltd and is seconded to HCL.*

2.6. Dividend policy

HomeCo expects to target a normalised dividend payout ratio in the range of between 80% and 100% of HomeCo's Freehold FFO once the Portfolio is fully stabilised. A payout ratio of Freehold FFO at the lower end of this range may be adopted in circumstances where HomeCo had identified value-accretive investment opportunities including, among other things, brownfield developments and acquisitions.

However, the Board retains the discretion to amend the dividend policy based on the financial position of HomeCo at the time the Directors assess whether to declare a dividend.

HomeCo intends to declare a dividend to Securityholders every six months with an interim dividend to be declared around February each year and a final dividend to be declared around August each year. The first dividend is expected to be declared in February 2020 and is expected to be a pro rata amount based on the period between the date of Completion and 31 December 2019.

The Directors will continue to monitor the appropriateness of the dividend policy to ensure that it meets the ongoing objectives of HomeCo and is in the best interests of Securityholders.

HomeCo has franking credits of approximately $40.9 million which allows for $95.4 million of fully franked dividends to be distributed to Securityholders. Once the franking credits are fully utilised, HomeCo's dividends are expected to be unfranked.

2.7. Valuation policy

2.7.1. Valuation basis

HomeCo values Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

2.7.2. Frequency of valuation

HomeCo's policy is to value all Properties at each reporting period, with independent valuations performed on a rotational basis to ensure each Property is valued at least every 24 months by an independent external valuer.

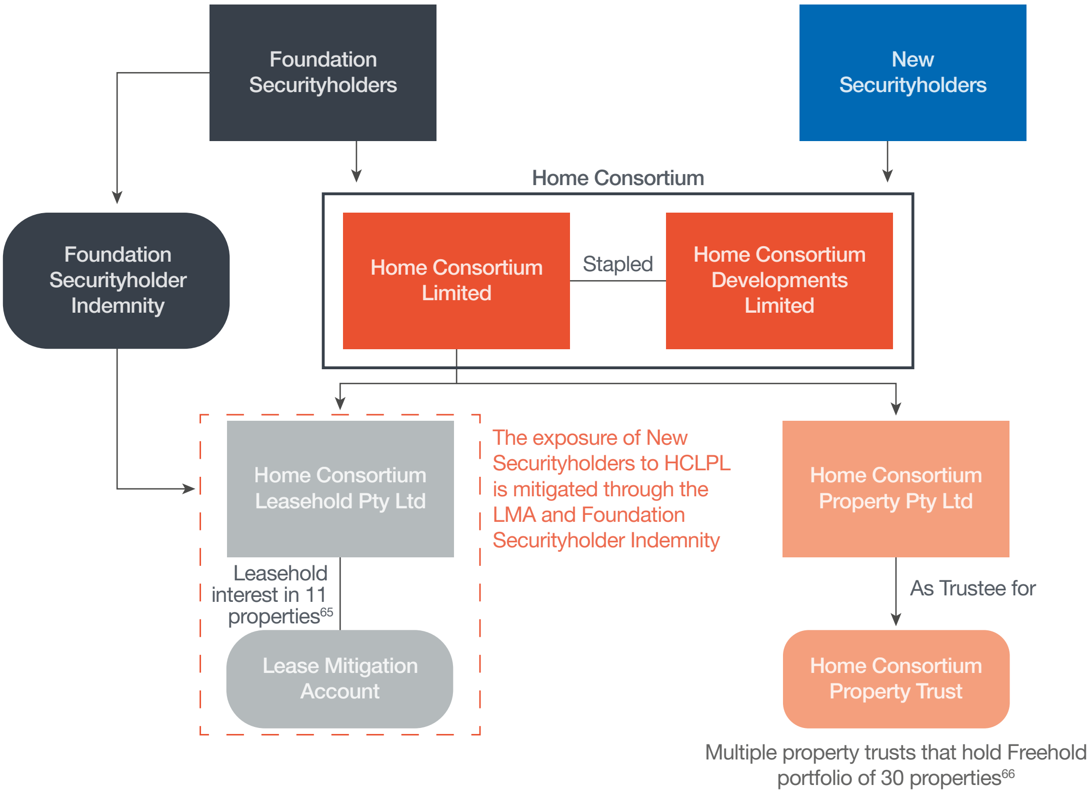
For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when HomeCo's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

2.8. Structure of HomeCo

Investors in the Offer will gain an interest in HomeCo. Further information on HCL, HCDL and each major operating subsidiary of the Stapled Entities is set out in the table below:

Entity	Further information
Home Consortium Limited ("HCL")	HCL is the entity that was acquired pursuant to the Acquisition and is the holding company of the Portfolio. It is stapled to HCDL.
Home Consortium Developments Limited ("HCDL")	HCDL is a newly incorporated company that is stapled to HCL. Growth and investment opportunities that are different to those currently undertaken by HomeCo may instead be conducted by HCDL.
Home Consortium Property Trust ("HCPT")	HCPT (through a number of sub-trusts) owns, or will own, a portfolio of 30 freehold centres (including 3 centres under contract for purchase). HomeCo leases space within these centres to tenants and in return receives rental income.
Home Consortium Leasehold Pty Limited ("HCLPL")	HCLPL owns leasehold interests in a further 11 properties, one of which is held through a wholly owned subsidiary of HCLPL. See Section 7 for further details.

The following diagram is a simplified representation of HomeCo's corporate structure on Completion:



2.9. Reporting

For accounting and reporting purposes, HomeCo will report on a 30 June financial year basis. Formal reporting will be provided to Securityholders as at 30 June (full year) and 31 December (interim) each year.

An annual consolidated financial report of the Stapled Entities will be provided to Securityholders in accordance with the Corporations Act. The annual consolidated financial report will be audited whilst the interim financial report will be subject to review by the auditor.

Financial reports will be made available on HomeCo's website at www.homeconsortium.com.au.

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65. Excludes Upper Coomera, Hawthorn East and Coffs Harbour and 4 sites where HomeCo no longer has a leasehold in place, however has a contractual obligation to pay rental top-ups for the remaining lease term.

66. Includes 3 leasehold properties which are expected to be acquired by 31 December 2019.

3.
Portfolio Overview

3. Portfolio Overview

3.1. Introduction

HomeCo's portfolio consists of 21 operating centres and 9 centres to be redeveloped with a fair value at 30 September 2019 of $925 million. The Portfolio has a Weighted Average Capitalisation Rate of 6.85%, a Weighted Average Lease Expiry of 8.8 years and is 93.5% occupied. The portfolio is diversified by geography and centre classification type, with centres located in four Australian states across the Daily Needs, Leisure & Lifestyle, and Homewares & Electrical tenant groups.

Portfolio summary

Key portfolio metrics

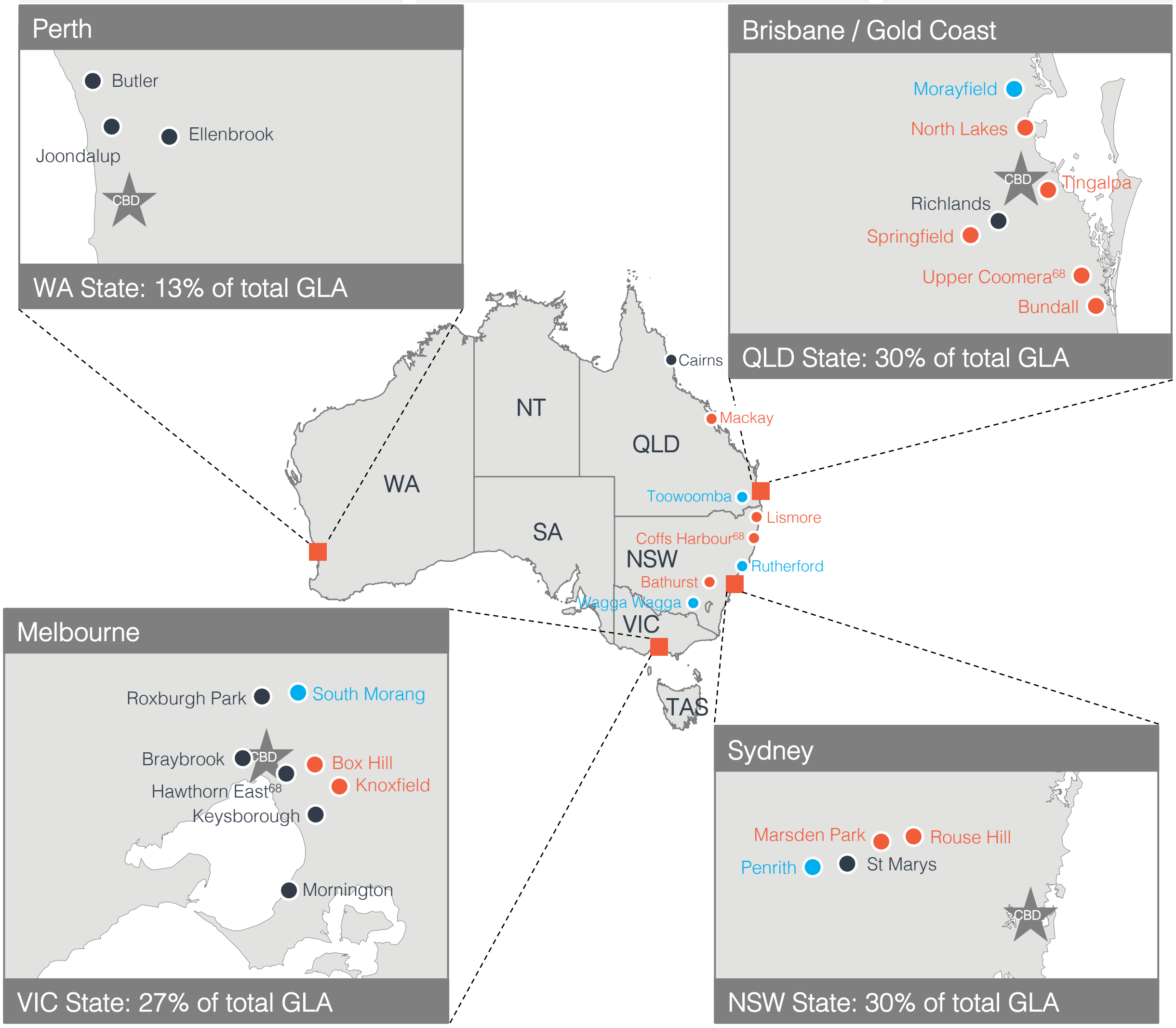
- 30 freehold centres
- 1.1 million SQM land
- 370,000 SQM GLA

Centre classification by type[67]

37%	43%	20%
Daily Needs	Leisure & Lifestyle	Homewares & Electrical

# of centres per state

NSW	9
VIC	8
QLD	10
WA	3



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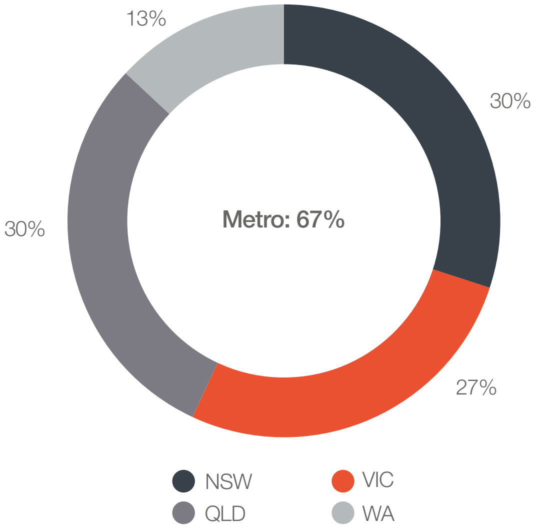
67. *Centres classified by anchor tenant(s) based on signed leases, signed MoUs and issued MoUs across the Portfolio, percentage based on number of centres.*

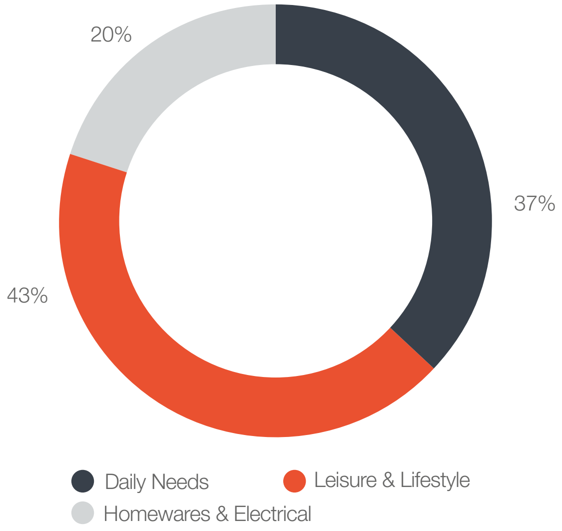
68. *Centre is currently a leasehold property. HomeCo will acquire the freehold interest using proceeds of the Offer.*

3. Portfolio Overview continued

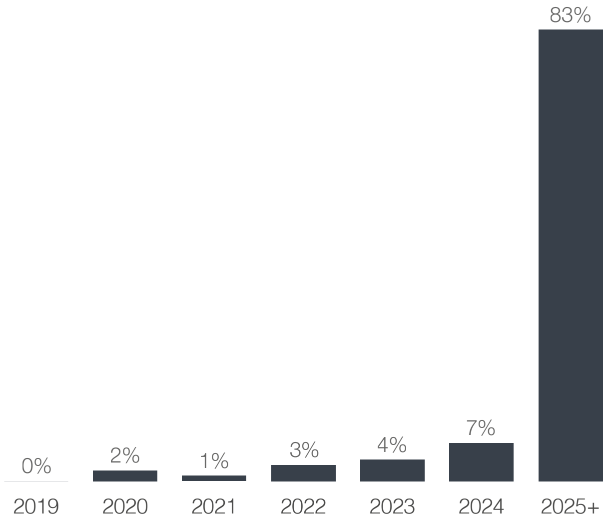
Portfolio split by geography[69]



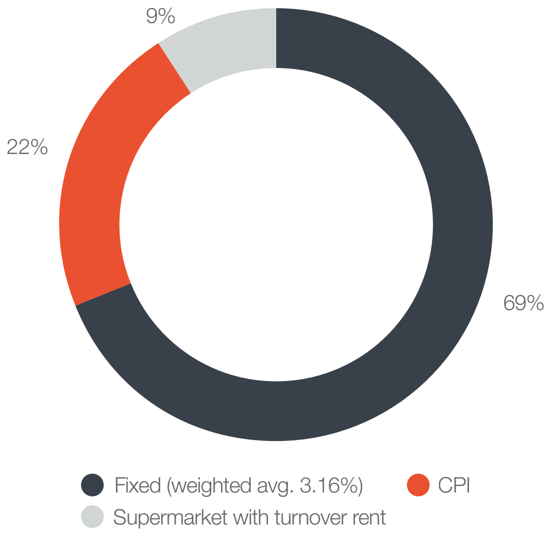
Portfolio split by centre classification[70]



Lease expiry profile[71]



Rent review composition[72]



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[69] *By GLA.*

[70] *Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres.*

[71] *By income. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.*

[72] *By gross passing rent. Based on signed leases and signed MoUs across the Portfolio as at 23 August 2019.*

Overview of the top 20 tenants by gross rental income[73]

Rank	Tenant	Tenant description	Brands	% of income
1	Amart Furniture	Portfolio company of Quadrant Private Equity. The largest discount furniture and bedding retailer in Queensland and northern NSW, with over 60 stores in Australia.	Amart Furniture	11.1%
2	Spotlight Group Holdings[74]	Privately held Australian company that controls, operates and invests in a diverse set of businesses and assets, built over 46 years. Spotlight Group employs over 8,000 people and has operations throughout Australia, New Zealand and Asia.	SPOTLIGHT ANACONDA	5.3%
3	Super Retail Group	ASX-listed company that owns and operates a portfolio of retail brands across auto, sport and outdoor leisure products in Australia and New Zealand.	SUPERCHEAP AUTO rebel BCF	5.0%
4	Nick Scali	ASX-listed retailer and importer of furniture. Founded over 50 years ago, Nick Scali operates in Australia and New Zealand.	nickscali	4.5%
5	Goodlife	One of the fastest growing gym networks with 84 locations across Australia supporting over 270,000 members. Forms part of Quadrant Private Equity's Fitness and Lifestyle portfolio.	Goodlife HEALTH CLUBS	4.2%
6	Coles	ASX-listed Australian retailer, with over 2,500 retail outlets nationally and servicing 21 million customers each week.	coles LIQUORLAND	3.7%
7	Chemist Warehouse Group[74]	Australia's largest pharmacy retailer and employs over 8,000 staff. The company brands itself as offering discounted prices for pharmaceutical goods.	CHEMIST WAREHOUSE DISCOUNT CHEMIST	2.5%
8	Woolworths	ASX-listed retailer with interests throughout Australia and New Zealand in supermarkets, liquor retailing, hotels & pubs and discount department stores. Over 3,000 stores and 201,000 team members who serve over 29 million customers across its brands every week.	Woolworths The fresh food people Dan Murphy's	2.5%

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[73] Forecast gross rental income across the Portfolio, including the 3 acquisitions expected to settle by 31 December 2019, as at 23 August 2019.

[74] Leases entered into with the Spotlight Retail Group (through the Spotlight and Anaconda brands) and the Chemist Warehouse Group were entered into on arm's length terms.

3. Portfolio Overview continued

Rank	Tenant	Tenant description	Brands	% of income
9	Government services	A department of the Australian Government that is responsible for the development of service delivery policy and the provision social, health and other payments and services.		2.4%
10	EMF Fitness	24hr gym with 7 locations located in QLD. Offers personal trainers, flexible membership packages and a wide range of classes.	EMF FITNESS CENTRE EMF Jnr	2.1%
11	IGA supplied independent supermarkets	IGA has a network of 1,400 independently owned supermarkets. Fresh & Save Food Warehouse is a QLD-based business with 4 stores across QLD.	IGA Fresh & Save Food Warehouse	2.1%
12	Decathlon	Privately owned French sporting goods retailer, with over 1,500 stores in 49 countries, making it the largest sporting goods retailer in the world.	DECATHLON	1.9%
13	Spudshed	Independent supermarket chain based in Western Australian. The chain has grown to a total of 14 stores across the Perth Metropolitan Area and most stores are open 24 hours a day.	spudshed	1.8%
14	PETstock	Australian, family owned and operated pet store, with over 160 stores in Australia. PETstock offers a range of products and services, including grooming, pet adoption, puppy school and dog daycare.	pet stock	1.8%
15	Choice Discount Variety Store	Australian discount variety store that operates 25 stores across NSW and QLD. Choice Discount Variety Stores are open seven days a week and also most public holidays.	Choice The Discount Store	1.5%
16	James Lane & Sleeping Giant	Australian furniture retailer with over 25 stores across NSW, QLD, and VIC. The stores offer a wide range of furniture for the lounge room, living room, dining room and bedroom, in addition to accessories such as mattresses, rugs, bedding and artworks.	JAMES LANE Sleeping Giant	1.4%

Rank	Tenant	Tenant description	Brands	% of income
17	Guardian Childcare & Education	Owner and operator of over 110 childcare and early learning centres in 5 states across Australia. Global private markets investment manager Partners Group owns a controlling stake in Guardian.	Guardian Childcare & Education	1.2%
18	Greenlit Brands	Retailer and manufacturer of furniture, household goods and clothing across Asia, Australia and New Zealand, with approximately 640 stores and 8 manufacturing sites. Employs 10,000 employees in Australia and New Zealand. Owned by Steinhoff International, global retailer of household goods and general merchandise.	Snooze Fantastic Furniture	1.0%
19	TK Maxx	International department store chain, with over 500 stores across seven countries, including locations across the east coast of Australia. TK Maxx offers an ever-changing selection of brand name, designer, and other high-quality fashion apparel and home wares.	TK Maxx	0.9%
20	South Pacific Health Club	Australian health club offering state-of-the-art equipment, innovative group fitness classes and personal trainers. Hosts thousands of members across 7 locations in Melbourne.	South Pacific Health Clubs	0.9%
Total				**57.8%**

3. Portfolio Overview continued

3.2. Portfolio summary metrics

Centre	State	Classification[75]	Total GLA[76]	Trading occupancy[77]	Occupancy[78]	WALE[79]	Fair value[80]	Cap rate[81]
			(sqm)	(%)	(%)	(years)	($m)	(%)
Braybrook	VIC	Daily Needs	13,446	71.7%	100.0%	9.5	$52.7m	6.00%
Hawthorn East[82]	VIC	Daily Needs	11,436	nm	95.5%	11.7	$72.7m	n/a
Keysborough	VIC	Daily Needs	12,136	nm	99.2%	11.3	$24.0m	6.75%
Mornington	VIC	Daily Needs	11,239	48.6%	82.7%	11.6	$41.4m	6.25%
Box Hill	VIC	Leisure & Lifestyle	13,893	78.6%	95.8%	10.3	$47.6m	6.75%
Knoxfield	VIC	Leisure & Lifestyle	13,495	89.3%	97.4%	12.7	$27.6m	7.00%
South Morang	VIC	Homewares & Electrical	11,203	86.5%	100.0%	7.0	$33.0m	7.00%
Bundall	QLD	Leisure & Lifestyle	10,244	84.4%	84.4%	7.0	$31.5m	7.00%
Mackay	QLD	Leisure & Lifestyle	11,783	83.2%	92.7%	6.3	$26.0m	7.75%
North Lakes	QLD	Leisure & Lifestyle	11,399	62.2%	84.0%	7.7	$35.0m	6.75%
Tingalpa	QLD	Leisure & Lifestyle	10,434	99.0%	99.0%	6.8	$30.0m	6.75%
Upper Coomera[83]	QLD	Leisure & Lifestyle	11,261	84.2%	97.8%	8.5	$46.1m	n/a
Morayfield	QLD	Homewares & Electrical	11,216	90.8%	90.8%	7.8	$25.5m	7.00%
Toowoomba	QLD	Homewares & Electrical	11,360	97.1%	97.1%	7.5	$26.5m	7.25%
Lismore	NSW	Leisure & Lifestyle	8,807	75.8%	75.8%	7.0	$14.3m	7.50%
Marsden Park	NSW	Leisure & Lifestyle	11,527	85.6%	100.0%	6.6	$50.0m	6.25%
Rouse Hill	NSW	Leisure & Lifestyle	14,003	73.3%	100.0%	8.4	$51.0m	6.50%
Penrith	NSW	Homewares & Electrical	11,643	84.8%	84.8%	5.3	$50.0m	6.25%
Rutherford	NSW	Homewares & Electrical	11,864	86.2%	86.2%	7.7	$22.0m	7.25%
Butler	WA	Daily Needs	17,437	90.5%	94.9%	9.4	$36.4m	7.25%
Joondalup	WA	Daily Needs	17,322	74.3%	94.9%	9.3	$42.1m	7.25%
Operating Portfolio total/Weighted average			**257,148**	**81.3%**	**93.5%**	**8.8**	**$785.3m**	**6.76%**

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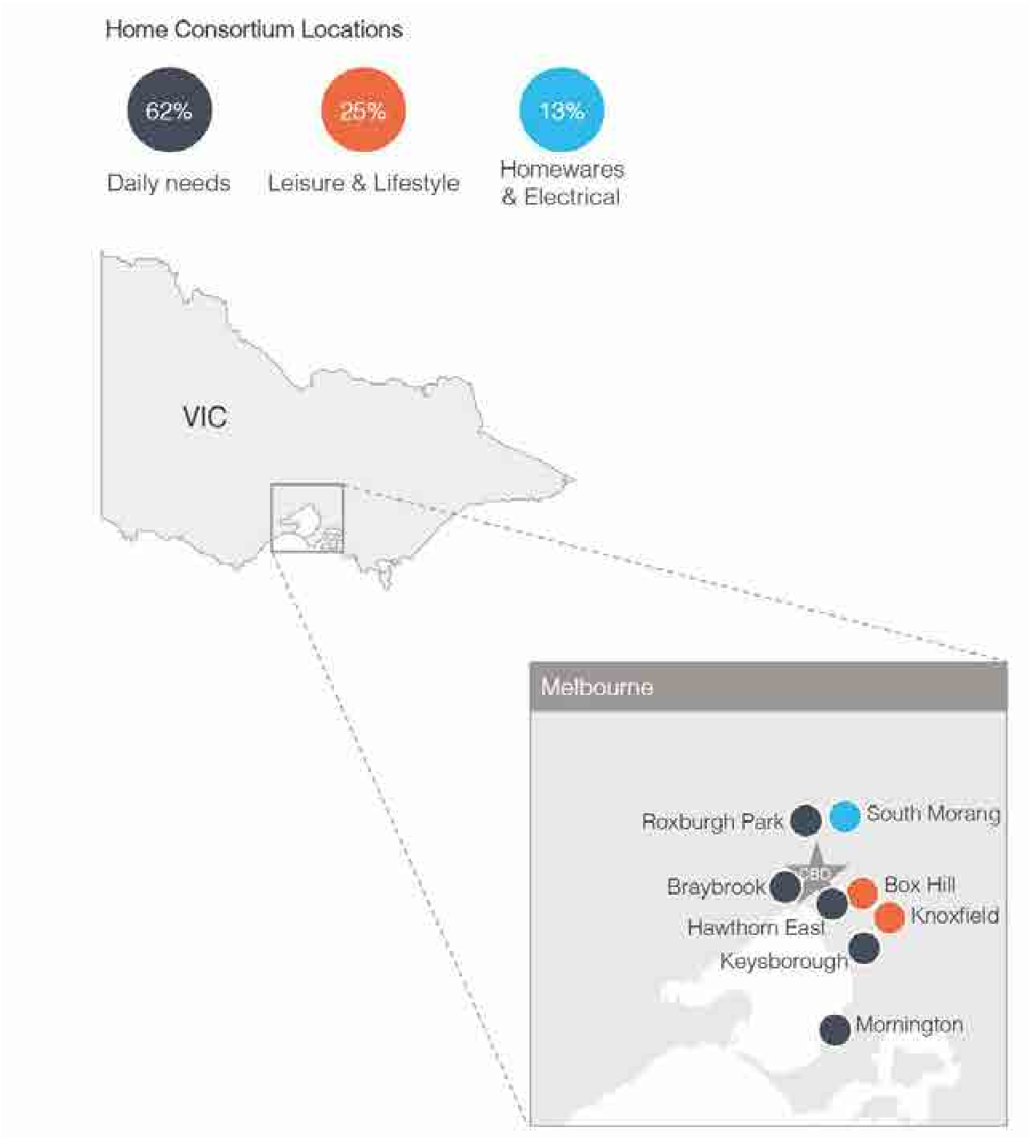
75. By anchor tenant type.
76. Estimate as at 23 August 2019 and subject to ongoing design changes.
77. By GLA. Total excludes Keysborough and Hawthorn East.
78. By GLA across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019. Includes signed leases (87.6%) and signed MoUs (5.9%).
79. By gross income. Based on signed leases and signed MoUs across all 21 properties in the Operating Portfolio expected to be open by 31 December 2019.
80. Based on independent valuations as at 30 September 2019 for 27 freehold properties and the estimated fair value of 3 leasehold properties which are expected to be acquired by 31 December 2019.
81. Based on independent valuations as at 30 September 2019 for 27 freehold properties
82. To be acquired using proceeds of the Offer. Settlement expected by 31 December 2019.
83. To be acquired using proceeds of the Offer. Settlement expected by 31 October 2019.

Centre	State	Classification[75]	Total GLA[76]	Trading occupancy[77]	Occupancy[78]	WALE[79]	Fair value[80]	Cap rate[81]
			(sqm)	(%)	(%)	(years)	($m)	(%)
Roxburgh Park	VIC	Daily Needs	11,345	nm	nm	nm	$13.3m	7.50%
Cairns	QLD	Daily Needs	10,970	nm	nm	nm	$14.3m	7.25%
Richlands	QLD	Daily Needs	13,049	nm	nm	nm	$20.1m	7.00%
Springfield	QLD	Leisure & Lifestyle	10,923	nm	nm	nm	$11.0m	7.00%
St Marys	NSW	Daily Needs	13,303	nm	nm	nm	$14.8m	6.25%
Bathurst	NSW	Leisure & Lifestyle	16,047	nm	nm	nm	$14.8m	8.00%
Coffs Harbour[83]	NSW	Leisure & Lifestyle	9,658	nm	nm	nm	$20.0m	n/a
Wagga Wagga	NSW	Homewares & Electrical	15,487	nm	nm	nm	$15.0m	8.00%
Ellenbrook	WA	Daily Needs	11,983	nm	nm	nm	$16.5m	7.75%
Development Portfolio total/Weighted average			**112,765**	**nm**	**nm**	**nm**	**$139.7m**	**7.34%**
Total portfolio			**369,913**	**81.3%**	**93.5%**	**8.8**	**$925.0m**	**6.85%**

3.3. Portfolio overview

3.3.1. Victoria

Centre classification by type[84]



Operating Portfolio

Centre	Open date
South Morang	October 2017
Braybrook	September 2018
Box Hill	September 2018
Knoxfield	November 2018
Mornington	May 2019
Keysborough	November 2019
Hawthorn East	December 2019

Development Portfolio

Centre
Roxburgh Park

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[84] Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres in Victoria.

Braybrook

Address:	330 Ballarat Road, Braybrook, VIC 3019
Type of centre:	Daily Needs Centre
Centre Status:	Open (since September 2018)

Description

11km northwest of the Melbourne CBD, HomeCo Braybrook is Melbourne's newest shopping destination for everyday needs and great value. Home to a new full-suite Coles supermarket, Liquorland, Chemist Warehouse, BCF and one of Australia's newest TK Maxx stores, the centre features a range of beauty stores, and hosts a curated new dining precinct.

Property information

Ownership interest	100%
WALE	9.5 years
Trading occupancy (% GLA)	71.7%
Occupancy (% GLA)[85]	100%
Building age	8.1 years
Independent valuation	
Independent valuation (Sep-19)	$52.7m
Independent cap rate (Sep-19)	6.00%

91,387 total LGA population

13,446 sqm GLA

41,488 sqm Freehold land (32% site coverage ratio)

458 on-grade car spaces

Key tenants

coles · Liquorland · TK Maxx · BCF · Chemist Warehouse Discount Chemist

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85. Includes signed leases (71.7%) and signed MoUs (28.3%).

Hawthorn East

Address:	740 Toorak Road, Hawthorn East, VIC 3123
Type of centre:	Daily Needs Centre
Centre Status:	Opening (expected opening in December 2019)

Description

HomeCo Hawthorn East is located 8km east of the Melbourne CBD bounded by two key arterial roads, Toorak Road and the Monash Freeway. The centre will be home to a Woolworths Supermarket, Anaconda, South Pacific Health Club, Dan Murphy and Chemist Warehouse. The acquisition of HomeCo Hawthorn East is expected to settle by 31 December 2019.

Property information

Ownership interest	100%
WALE	11.7 years
Trading occupancy (% GLA)	nm
Occupancy (% GLA)[86]	95.5%
Building age	6.5 years
Valuation	
Estimated fair value	$72.7m
Cap rate	n/a

181,289 total LGA population

11,436 sqm GLA

28,300 sqm Freehold land (40% site coverage ratio)

422 car spaces

Key tenants[87]

Woolworths The fresh food people

Dan Murphy's

ANACONDA

CHEMIST WAREHOUSE DISCOUNT CHEMIST

SOUTH PACIFIC HEALTH CLUBS

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[86] Includes signed leases (79.8%) and signed MoUs (15.7%).

[87] Chemist Warehouse lease is subject to further approvals.

Keysborough

Address:	Corner Springvale Road & Cheltenham Road, Keysborough, VIC 3173
Type of centre:	Daily Needs Centre
Centre Status:	Opening (expected opening in December 2019)

Description

HomeCo Keysborough is located 31km south-east of the Melbourne CBD. The centre will feature two supermarkets (Aldi and IGA) and will be complimented by a variety of daily needs and leisure & lifestyle tenants including a childcare, chemist and quick service restaurant.

Property information

Ownership interest	100%
WALE	11.3 years
Trading occupancy (% GLA)	nm
Occupancy (% GLA)[88]	99.2%
Building age	5.9 years
Independent valuation	
Independent valuation (Sep-19)	$24.0m
Independent cap rate (Sep-19)	6.75%

166,094 total LGA population

12,136 sqm GLA

35,840 sqm Freehold land (34% site coverage ratio)

391 on-grade car spaces

Key tenants[89]

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[88] Includes signed leases (78.6%) and signed MoUs (20.6%).

[89] Chemist Warehouse lease is subject to further approvals.

3. Portfolio Overview continued

Mornington

Address:	75 Mornington-Tyabb Road, Mornington, VIC 3931
Type of centre:	Daily Needs Centre
Centre Status:	Open (since May 2019)

Description

Mornington is a town along Victoria's Mornington Peninsula, which enjoys popularity with tourists and locals alike. HomeCo Mornington is situated close to the heart of the Mornington town centre and offers a high quality, highly convenient shopping experience for everyday needs. The centre features a new, full-service Coles supermarket, Liquorland, Supercheap Auto and Grumpy Papi's café.

Property information

Ownership interest	100%
WALE	11.6 years
Trading occupancy (% GLA)	48.6%
Occupancy (% GLA)[90]	82.7%
Building age	7.4 years
Independent valuation	
Independent valuation (Sep-19)	$41.4m
Independent cap rate (Sep-19)	6.25%

165,822 total LGA population

11,239 sqm GLA

35,949 sqm Freehold land (31% site coverage ratio)

386 on-grade car spaces

Key tenants[91]

coles · Goodlife Health Clubs · Supercheap Auto · love Lombard xo · Chemist Warehouse Discount Chemist · pet stock

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[90] Includes signed leases (82.7%).

[91] Chemist Warehouse lease is subject to further approvals.

Box Hill

Address:	249 Middleborough Road, Box Hill South, VIC 3128
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since September 2018)

Description

Box Hill is located in Melbourne's east, approximately 14km from the Melbourne CBD and is home to a growing and diverse population. HomeCo Box Hill is located on Middleborough Road, the main thoroughfare of the Box Hill area, and in close proximity to other shopping destinations. The centre hosts a mix of lifestyle brands including Petbarn, Amway, Chemist Warehouse, Repco, Kitchen Warehouse, a Guzman Y Gomez eatery, plus a new Decathlon.

Property information

Ownership interest	100%
WALE	10.3 years
Trading occupancy (% GLA)	78.6%
Occupancy (% GLA)[92]	95.8%
Building age	6.6 years
Independent valuation	
Independent valuation (Sep-19)	$47.6m
Independent cap rate (Sep-19)	6.75%

176,196 total LGA population

13,893 sqm GLA

40,475 sqm Freehold land (34% site coverage ratio)

341 on-grade car spaces

Key tenants

DECATHLON · Goodlife HEALTH CLUBS · PETBARN · BCF · CHEMIST WAREHOUSE DISCOUNT CHEMIST · GUZMAN Y GOMEZ

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[92] *Includes signed leases (89.2%) and signed MoUs (6.6%).*

3. Portfolio Overview continued

Knoxfield

Address:	1464 Ferntree Gully Road, Knoxfield, VIC 3180
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since November 2018)

Description

HomeCo Knoxfield is located 27km east of the Melbourne CBD. The centre is situated on Ferntree Gully Road, the main arterial road of the Knoxfield area, and hosts Amart Furniture, Carpet Call, McDonalds and new Decathlon.

Property information

Ownership interest	100%
WALE	12.7 years
Trading occupancy (% GLA)	89.3%
Occupancy (% GLA)[93]	97.4%
Building age	7.2 years
Independent valuation	
Independent valuation (Sep-19)	$27.6m
Independent cap rate (Sep-19)	7.00%

163,203 total LGA population

13,495 sqm GLA

43,400 sqm Freehold land (31% site coverage ratio)

448 on-grade car spaces

Key tenants

Amart Furniture

DECATHLON

McDonald's

RSEA SAFETY

CROC'S PLAYCENTRE

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[93] Includes signed leases (89.3%) and signed MoUs (8.2%).

South Morang

Address:	825 Plenty Road, South Morang, VIC 3752
Type of centre:	Homewares & Electrical Centre
Centre Status:	Open (since October 2017)

Description

HomeCo South Morang is located on Plenty Road, 25km from the Melbourne CBD, and is well served by public transport. The centre serves an ethnically-diverse primary trade area and is home to a small number of highly-popular lifestyle brands.

Property information

Ownership interest	100%
WALE	7.0 years
Trading occupancy (% GLA)	86.5%
Occupancy (% GLA)[94]	100.0%
Building age	6.8 years
Independent valuation	
Independent valuation (Sep-19)	$33.0m
Independent cap rate (Sep-19)	7.00%

223,322 total LGA population

11,203 sqm GLA

35,870 sqm Freehold land (31% site coverage ratio)

561 on-grade car spaces[95]

Key tenants[96]

Amart Furniture

Snooze

Beacon Lighting

BedsnDreams

PlentyValley MedicalCentre

Chemist Warehouse Discount Chemist

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94. *Includes signed leases (94.9%) and signed MoUs (5.1%).*
95. *Includes car spaces from neighbouring centre.*
96. *Chemist Warehouse lease is subject to further approvals.*

3. Portfolio Overview continued

Roxburgh Park[97]

Development Portfolio

Address: 1550 Pascoe Vale Road, Roxburgh Park, VIC 3064

Type of centre: Daily Needs Centre

Centre Status: Planning

Description

HomeCo Roxburgh Park is located 20km north of Melbourne in major growth corridor of the city and planned as a Daily Needs Centre development. The property comprises a large 54,150 sqm parcel of land which includes an undeveloped portion of approximately 17,000 sqm. HomeCo has exchanged a contract of real estate with a 3rd party to acquire the undeveloped 17,000 sqm of land. This 3rd party has applied for planning approval to develop a full line supermarket (which is a condition to the contract of real estate).

Independent valuation

Independent valuation (Sep-19)	13.3m
Independent cap rate (Sep-19)	7.50%

224,394 total LGA population

11,345 sqm GLA

38,010 sqm Freehold land (30% site coverage ratio)

362 on-grade car spaces

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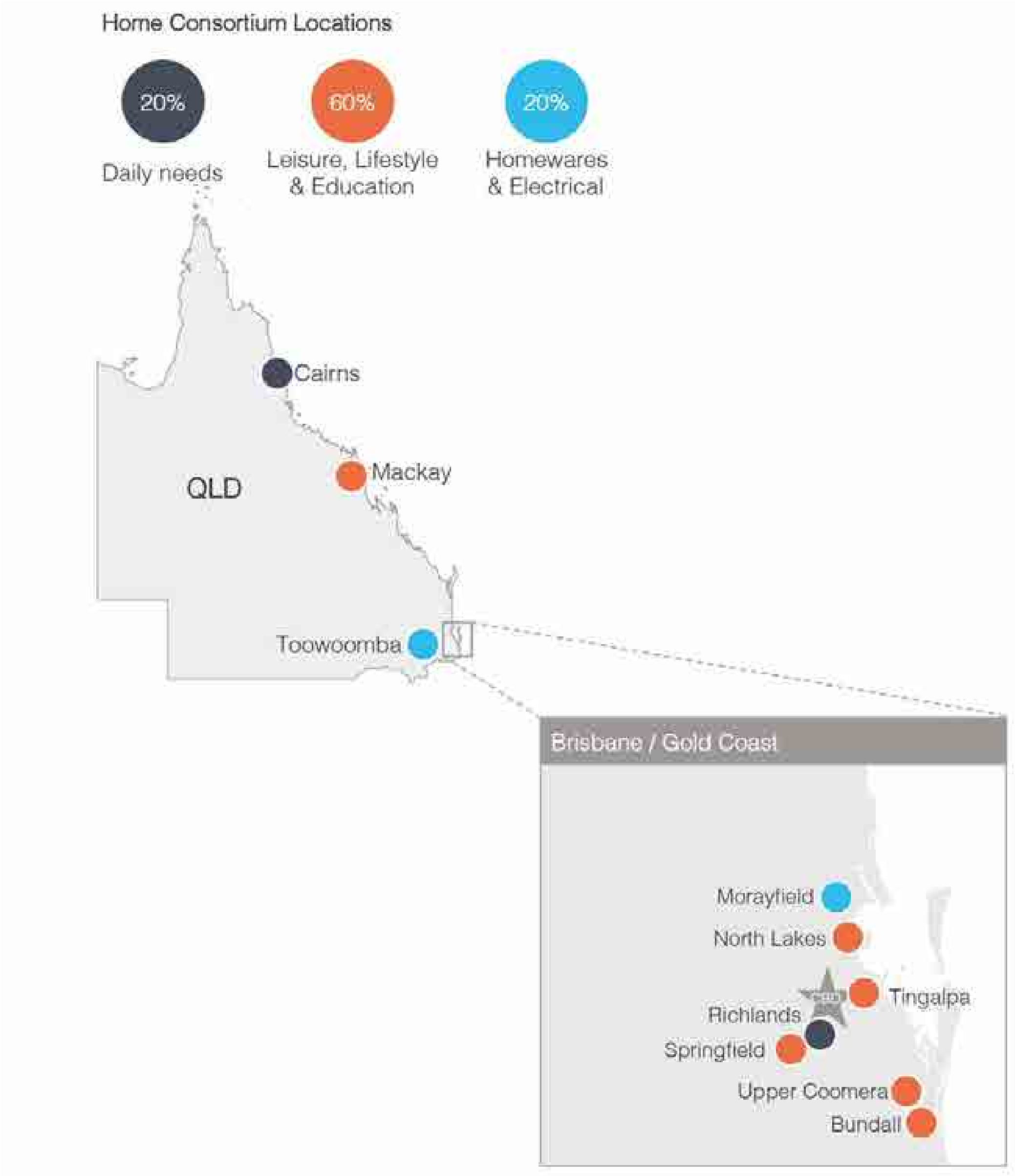
97. *Metrics exclude a portion of land held for sale.*

3.3.2. Queensland

Centre classification by type[98]



Operating Portfolio

Centre	Open date
Tingalpa	October 2017
Toowoomba	November 2017
North Lakes	December 2017
Morayfield	June 2018
Bundall	June 2018
Mackay	July 2018
Upper Coomera	July 2018

Development Portfolio

Centre
Springfield
Richlands
Cairns

---

[98] *Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres in Queensland.*

Bundall

Address:	100 Bundall Road, Bundall, QLD 4217
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since June 2018)

Description

HomeCo Bundall is located 3km from the heart of Surfers Paradise, on Queensland's Gold Coast, and only minutes from key local attractions and amenities. The centre houses a popular mix of premier lifestyle brands, including Nick Scali Furniture, DeRucci, Kitchen Warehouse, Carpet Call, James Lane and a Goodlife Health Club.

Property information

Ownership interest	100%
WALE	7.0 years
Trading occupancy (% GLA)	84.4%
Occupancy (% GLA)	84.4%
Building age	4.3 years
Independent valuation	
Independent valuation (Sep-19)	$31.5m
Independent cap rate (Sep-19)	7.00%

606,774 total LGA population

10,244 sqm GLA

16,450 sqm Freehold land (62% site coverage ratio)

325 car spaces

Key tenants

nickscali Goodlife HEALTH CLUBS JAMES LANE Sleeping Giant Kitchen Warehouse

Mackay

Address:	Corner Mackay-Bucasia and Holts Road, Mackay, QLD 4740
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since July 2018)

Description

HomeCo Mackay is located 7km north-west of the Mackay CBD and forms part of a large format precinct. HomeCo Mackay is one of the city's most popular and convenient shopping destinations and, hosts some of Australia's best value and most respected lifestyle brands including Fantastic Furniture, Spotlight, Nick Scali Furniture, Anaconda and PETstock.

Property information

Ownership interest	100%
WALE	6.3 years
Trading occupancy (% GLA)	83.2%
Occupancy (% GLA)[99]	92.7%
Building age	6.2 years
Independent valuation	
Independent valuation (Sep-19)	$26.0m
Independent cap rate (Sep-19)	7.75%

116,539 total LGA population

11,783 sqm GLA

108,730 sqm Freehold land (11% site coverage ratio)

378 on-grade car spaces

Key tenants

ANACONDA

nickscali

Fantastic Furniture

SPOTLIGHT

pet stock

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[99] *Includes signed leases (83.2%) and signed MoUs (9.4%).*

3. Portfolio Overview continued

North Lakes

Address:	77-95 North Lakes Drive, North Lakes, QLD 4509
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since December 2017)

Description

HomeCo North Lakes is located in the heart of the North Lakes shopping precinct, directly adjacent to Westfield North Lakes off the M1 Motorway. North Lakes is in Brisbane's Moreton Bay region, approximately 28km north of the Brisbane CBD. The centre hosts a large number of popular lifestyle brands including Nick Scali Furniture, Snooze, James Lane, Sleeping Giant, Chemist Warehouse and VideoPro, as well as a new state-of-the-art EMF Performance Centre.

Property information

Ownership interest	100%
WALE	7.7 years
Trading occupancy (% GLA)	62.2%
Occupancy (% GLA)[100]	84.0%
Building age	7.2 years
Independent valuation	
Independent valuation (Sep-19)	$35.0m
Independent cap rate (Sep-19)	6.75%

459,585 total LGA population

11,399 sqm GLA

39,910 sqm Freehold land (29% site coverage ratio)

417 on-grade car spaces

Key tenants

nickscali Chemist Warehouse Discount Chemist EMF Fitness Centre James Lane Sleeping Giant Beds n Dreams

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[100] Includes signed leases (84.0%).

Tingalpa

Address:	261 New Cleveland Road, Tingalpa, QLD 4173
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since October 2017)

Description

Serving the growing eastern suburbs of Brisbane, HomeCo Tingalpa is a modern lifestyle centre, only a short 17km drive from the Brisbane CBD. It's a highly convenient destination for stylish home furnishings and sporting and adventure products. The centre is home to Amart Furniture, The Good Guys, Anaconda, BCF, Franklyn and Rice Furniture.

Property information

Ownership interest	100%
WALE	6.8 years
Trading occupancy (% GLA)	99.0%
Occupancy (% GLA)	99.0%
Building age	8.0 years
Independent valuation	
Independent valuation (Sep-19)	$30.0m
Independent cap rate (Sep-19)	6.75%

1,231,605 total LGA population

10,434 sqm GLA

27,720 sqm Freehold land (38% site coverage ratio)

300 on-grade car spaces

Key tenants

Amart Furniture

ANACONDA

THE GOOD GUYS

BCF

Upper Coomera

Address:	Corner Days Road & Old Coach Road, Upper Coomera, QLD 4209
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since July 2018)

Description

HomeCo Upper Coomera sits in the heart of Queensland's Gold Coast, only a short drive to the bustling city centre, and 25km from the tourist mecca of Surfers Paradise. The centre hosts one of Queensland's newest TK Maxx stores, as well as Spotlight, Choice Discount Store, Supercheap Auto, Petbarn and state-of-the-art EMF Performance Centre, making it a popular destination for lifestyle shopping and wellness enthusiasts. The acquisition of HomeCo Upper Coomera is expected to settle on IPO.

Property information

Ownership interest	100%
WALE	8.5 years
Trading occupancy (% GLA)	84.2%
Occupancy (% GLA)[101]	97.8%
Building age	6.8 years
Valuation	
Estimated fair value	$46.1m
Cap rate	n/a

606,774 total LGA population

11,261 sqm GLA

34,990 sqm Freehold land (32% site coverage ratio)

374 on-grade car spaces

Key tenants

SPOTLIGHT TK Maxx EMF FITNESS CENTRE SUPERCHEAP AUTO PETBARN

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101. Includes signed leases (89.0%) and signed MoUs (8.8%).

Morayfield

Address:	321-343 Morayfield Road, Morayfield, QLD 4506
Type of centre:	Homewares & Electrical Centre
Centre Status:	Open (since June 2018)

Description

HomeCo Morayfield is a modern lifestyle centre, 44km north of Brisbane. It serves many of the neighbouring suburbs within the Moreton Bay Region and, is situated within a well-established retail precinct that includes a large number of destination brand retailers. The centre is home to Amart Furniture, Nick Scali Furniture, Choice Discount Store and Early Settler.

Property information

Ownership interest	100%
WALE	7.8 years
Trading occupancy (% GLA)	90.8%
Occupancy (% GLA)	90.8%
Building age	8.0 years
Independent valuation	
Independent valuation (Sep-19)	$25.5m
Independent cap rate (Sep-19)	7.00%

459,585 total LGA population

11,216 sqm GLA

28,350 sqm Freehold land (40% site coverage ratio)

320 on-grade car spaces

Key tenants

Amart Furniture

nickscali

Choice The Discount Store

early settler

Toowoomba

Address:	471 Hume Street, Kearneys Spring, QLD 4350
Type of centre:	Homewares & Electrical Centre
Centre Status:	Open (since November 2017)

Description

Toowoomba sits in the heart of Queensland's Darling Downs region and is well known for its rich heritage and natural beauty. With a population of over 135,000, it is a major regional town, approximately 130km west of Brisbane. HomeCo Toowoomba is a convenient destination for stylish and great value homeware and home furnishings from popular national retailers including Amart Furniture, Nick Scali Furniture, Early Settler, OzDesign Furniture and Choice Discount Store.

Property information

Ownership interest	100%
WALE	7.5 years
Trading occupancy (% GLA)	97.1%
Occupancy (% GLA)	97.1%
Building age	6.3 years
Independent valuation	
Independent valuation (Sep-19)	$26.5m
Independent cap rate (Sep-19)	7.25%

- 167,657 total LGA population
- 11,360 sqm GLA
- 32,248 sqm Freehold land (35% site coverage ratio)
- 370 on-grade car spaces

Key tenants

Cairns

Development Portfolio

Address:	147-161 Draper Street, Portsmith, QLD 4870
Type of centre:	Daily Needs Centre
Centre Status:	Planning

Description

HomeCo Cairns is located 3km from Cairns city centre and planned as a Daily Needs Centre. It is part of an established retail precinct, including Nick Scali, Anaconda and Fantastic Furniture.

Independent valuation

Independent valuation (Sep-19)	$14.3m
Independent cap rate (Sep-19)	7.25%

- 165,525 total LGA population
- 10,970 sqm GLA
- 27,200 sqm Freehold land (40% site coverage ratio)
- 327 on-grade car spaces

Richlands

Development Portfolio

Address: 144 Pine Road, Richlands, QLD 4077

Type of centre: Daily Needs Centre

Centre Status: Planning

Description

Richlands is located 21km south-west of the Brisbane CBD in a growing catchment and is adjacent to the Richlands train station. The property is zoned town centre and with a land size of 62,650 sqm allows for a multiple of development opportunities (in stages) and planned as a Daily Needs Centre.

Independent valuation	
Independent valuation (Sep-19)	$20.1m
Independent cap rate (Sep-19)	7.00%

1,231,605 total LGA population

13,049 sqm GLA

62,650 sqm Freehold land (21% site coverage ratio)

459 on-grade car spaces

Springfield

Address:	95 Southern Cross Circuit, Springfield Central, QLD 4300
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Planning

Description

HomeCo Springfield is located 26km south-west of the Brisbane CBD and 15km south-east of the Ipswich CBD, within the fast growing Springfield Central business and retail precinct within close proximity to Bunnings and Springfield Orion Shopping Centre. HomeCo Springfield is planned as a Leisure & Lifestyle Centre.

Independent valuation

Independent valuation (Sep-19)	$11.0m
Independent cap rate (Sep-19)	7.00%

213,638 total LGA population

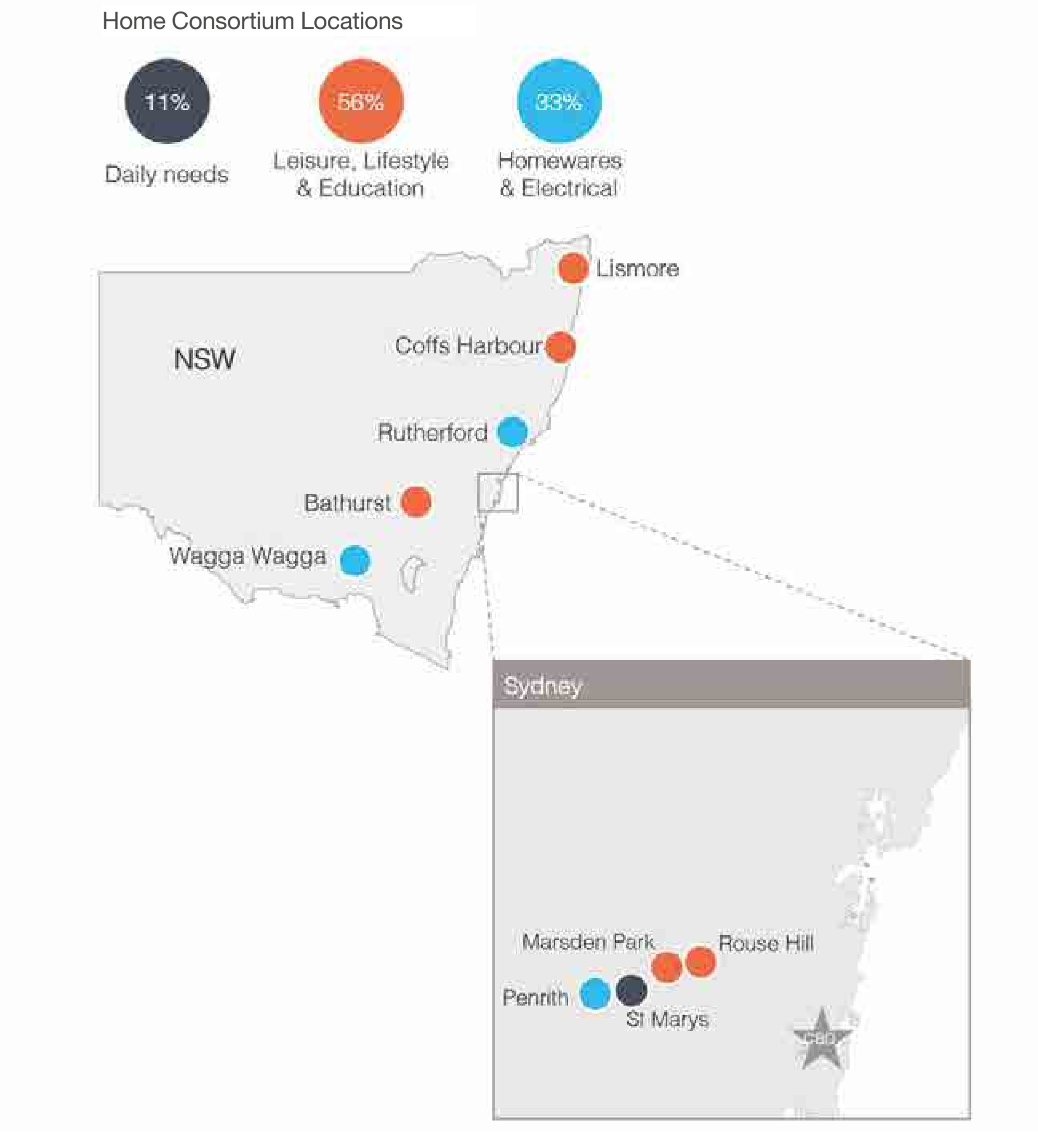
10,923 sqm GLA

31,030 sqm Freehold land (35% site coverage ratio)

310 on-grade car spaces

3.3.3. New South Wales

Centre classification by type[102]



Operating Portfolio

Centre	Open date
Rutherford	September 2017
Penrith	October 2017
Marsden Park	November 2017
Rouse Hill	June 2018
Lismore	July 2018

Development Portfolio

Centre
Wagga Wagga
Coffs Harbour
St Marys
Bathurst

---

[102] Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres in New South Wales.

Lismore

Address:	28 Bruxner Highway, Lismore, NSW 2480
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since July 2018)

Description

Lismore is at the heart of Northern Rivers region, on the far NSW North Coast. HomeCo Lismore is situated within the town centre. Lismore is 197km south of Brisbane, and 738km north of Sydney via the Pacific Highway.

Property information

Ownership interest	100%
WALE (on centre opening)	7.0 years
Trading occupancy (% GLA)	75.8%
Occupancy (% GLA)	75.8%
Building age	4.6 years
Independent valuation	
Independent valuation (Sep-19)	$14.3m
Independent cap rate (Sep-19)	7.50%

43,843 total LGA population

8,807 sqm GLA

34,750 sqm Freehold land (25% site coverage ratio)

387 on-grade car spaces

Key tenants

SPOTLIGHT

BCF BOATING • CAMPING • FISHING

pet stock

3. Portfolio Overview continued

Marsden Park

Address:	17-43 Hollinsworth Road, Marsden Park, NSW 2765
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Open (since November 2017)

Description

Marsden Park sits within Sydney's rapidly expanding north-west growth corridor, and home to a diverse mix of young families and established households. Located within Sydney Business Park on Hollinsworth Road, HomeCo Marsden Park 10km from Blacktown city centre, and 49km north-west of the Sydney CBD via the M2 Motorway. HomeCo Marsden Park sites adjacent to a full line CostCo supermarket and IKEA.

Property information

Ownership interest	100%
WALE (on centre opening)	6.6 years
Trading occupancy (% GLA)	85.6%
Occupancy (% GLA)[103]	100.0%
Building age	4.4 years
Independent valuation	
Independent valuation (Sep-19)	$50.0m
Independent cap rate (Sep-19)	6.25%

366,534 total LGA population

11,527 sqm GLA

34,920 sqm Freehold land (33% site coverage ratio)

387 on-grade car spaces

Key tenants

nickscali ANACONDA rebel PETBARN BING LEE

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[103] Includes signed leases (85.6%) and signed MoUs (14.4%).

Rouse Hill

Address: 4-7 Commercial Road, Rouse Hill, NSW 2155

Type of centre: Leisure & Lifestyle Centre

Centre Status: Open (since June 2018)

Description

Rouse Hill sits within Sydney's north-west growth corridor, approximately 43km from the Sydney CBD. The suburb has enjoyed strong expansion over recent years, attracting a large number of first home-buyers and young families. It is serviced by bus and a new metro rail line, as well as public buses. HomeCo Rouse Hill is located on Commercial Road, in close proximity to local dining and shopping destinations.

Property information

Ownership interest	100%
WALE (on centre opening)	8.4 years
Trading occupancy (% GLA)	73.3%
Occupancy (% GLA)[104]	100.0%
Building age	4.5 years
Independent valuation	
Independent valuation (Sep-19)	$51.0m
Independent cap rate (Sep-19)	6.50%

172,473 total LGA population

14,003 sqm GLA

36,100 sqm Freehold land (39% site coverage ratio)

327 on-grade car spaces

Key tenants

Amart Furniture · Guardian Childcare & Education · rebel · Supercheap Auto · pet stock · Crocs Playcentre · Live Well Health Clubs

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[104] Includes signed leases (100.0%).

Penrith

Address:	72-82 Mulgoa Road, Penrith, NSW 2750
Type of centre:	Homewares & Electrical Centre
Centre Status:	Open (since October 2017)

Description

Located at the foot of the heritage-listed Blue Mountains, Penrith is a major centre in the Sydney metro area, and one of the major commercial centres in Greater Western Sydney. HomeCo Penrith is located on Mulgoa Road, one of Penrith's major arterial roads.

Property information

Ownership interest	100%
WALE (on centre opening)	5.3 years
Trading occupancy (% GLA)	84.8%
Occupancy (% GLA)	84.8%
Building age	3.7 years
Independent valuation	
Independent valuation (Sep-19)	$50.0m
Independent cap rate (Sep-19)	6.25%

209,210 total LGA population

11,643 sqm GLA

30,150 sqm Freehold land (39% site coverage ratio)

345 on-grade car spaces

Key tenants

nickscali rebel BING LEE pet stock Repco

Rutherford

Address:	Corner Mustang Drive and Anambah Road, Rutherford, NSW 2320
Type of centre:	Homewares & Electrical Centre
Centre Status:	Open (since September 2017)

Description

Rutherford is situated in the city of Maitland, in the heart of the NSW Hunter region, and is one of Maitland's most populated suburbs. HomeCo Rutherford is located 5.5km from the town centre and approximately 170km north of Sydney.

Property information

Ownership interest	100%
WALE (on centre opening)	7.7 years
Trading occupancy (% GLA)	86.2%
Occupancy (% GLA)	86.2%
Building age	7.4 years
Independent valuation	
Independent valuation (Sep-19)	$22.0m
Independent cap rate (Sep-19)	7.25%

83,203 total LGA population

11,864 sqm GLA

28,770 sqm Freehold land (41% site coverage ratio)

317 on-grade car spaces

Key tenants

Amart Furniture

nickscali

ANACONDA

3. Portfolio Overview continued

St Marys

Development Portfolio

Address: 213 Forrester Road, St Marys, NSW 2760

Type of centre: Daily Needs Centre

Centre Status: Planning

Description

HomeCo St Marys is located 45km west of the Sydney CBD, in the established suburb of St Marys and on the doorstep of fast growing new residential suburbs such as Ropes Crossing. HomeCo St Marys is planned as a Daily Needs Centre and sits adjacent to vibrant St Mary's Rugby Leagues Club and newly built 4 star hotel.

Independent valuation

Independent valuation (Sep-19)	$14.8m
Independent cap rate (Sep-19)	6.25%

209,210 total LGA population

13,303 sqm GLA

31,860 sqm Freehold land (42% site coverage ratio)

347 on-grade car spaces

Bathurst

Development Portfolio

Address:	3 Pat O'Leary Drive, Kelso, Bathurst, NSW 2795
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Partly open

Description

HomeCo Bathurst is located 5km from Bathurst city centre, accessed via the Great Western Highway main thoroughfare into the township of Bathurst. HomeCo Bathurst is planned as a Leisure & Lifestyle Centre within the main building and has existing external pad tenancies with current trading tenants including Spotlight, PETstock and Plus Fitness.

Independent valuation

Independent valuation (Sep-19)	$14.8m
Independent cap rate (Sep-19)	8.00%

43,206 total LGA population

16,047 sqm GLA

52,050 sqm Freehold land (31% site coverage ratio)

454 on-grade car spaces

Key tenants

SPOTLIGHT

pet stock

Plus fitness

Coffs Harbour

Development Portfolio

Address:	211 Corner Pacific Highway & Hurley Drive, Coffs Harbour, NSW 2450
Type of centre:	Leisure & Lifestyle Centre
Centre Status:	Partly open

Description

HomeCo Coffs Harbour is located 2.7km south-west of the Coffs Harbour central business area, in an established large format precinct. HomeCo Coffs Harbour is planned as a Leisure & Lifestyle Centre and the acquisition is expected to settle on IPO. Coffs Coast Mazda has leased a tenancy at the northern end of the building and has commenced trading.

Valuation

Estimated fair value	$20.0m
Cap rate	n/a

76,551 total LGA population

9,658 sqm GLA

24,270 sqm Freehold land (40% site coverage ratio)

295 on-grade car spaces

Key tenants[105]

ANACONDA

mazda Coffs Coast

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[105] *Anaconda has not commenced trading.*

Wagga Wagga

Development Portfolio

Address:	129-145 Hammond Avenue, Wagga Wagga, NSW 2650
Type of centre:	Homewares & Electrical Centre
Centre Status:	Partly open

Description

HomeCo Wagga Wagga is located 5km east of the Wagga Wagga CBD, on the northern side of Hammond Avenue. HomeCo Wagga Wagga is planned as a Homewares & Electrical Centre within the main building and has existing external pad tenancies with current trading tenants Anaconda, PETstock and Pillowtalk.

Independent valuation

Independent valuation (Sep-19)	$15.0m
Independent cap rate (Sep-19)	8.00%

64,820 total LGA population

15,487 sqm GLA

41,310 sqm Freehold land (37% site coverage ratio)

501 on-grade car spaces

Key tenants

ANACONDA

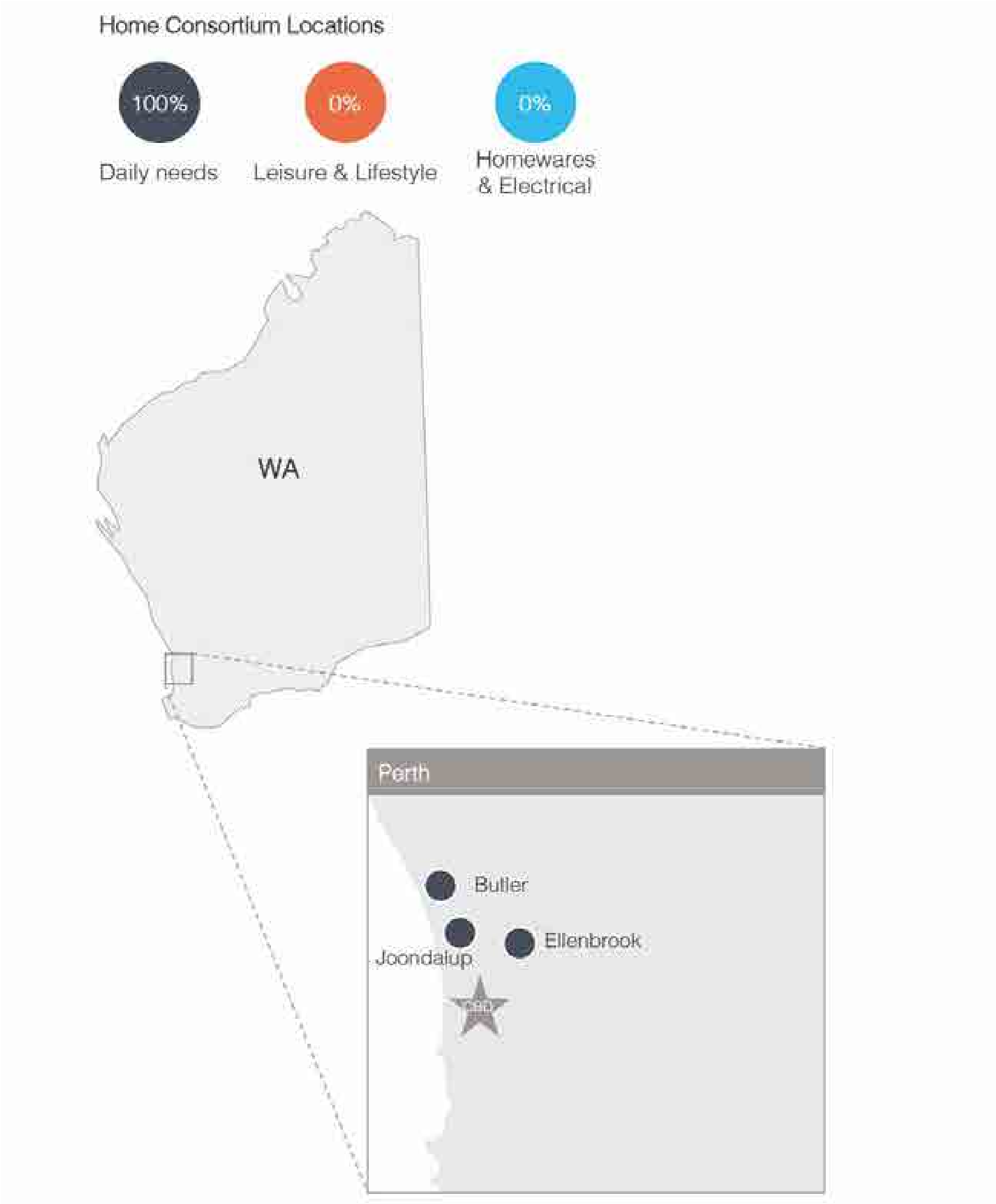
pet stock

Pillow Talk

3. Portfolio Overview continued

3.3.4. Western Australia

Centre classification by type[106]



Operating Portfolio

Centre	Open date
Joondalup	November 2018
Butler	April 2019

Development Portfolio

Centre
Ellenbrook

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106. *Centres classified by anchor tenant(s) based on signed leases, signed MoUs and leases under offer across the Portfolio, percentage based on number of centres in Western Australia.*

Butler

Address:	1 Butler Blvd, Butler, WA 6036
Type of centre:	Daily Needs Centre
Centre Status:	Open (since April 2019)

Description

Butler is one of Perth's fast-growing outer suburbs, approximately 40km north of the Perth CBD. HomeCo Butler hosts a popular range of everyday needs and lifestyle brands, including Amart Furniture, Living Emporium, Snap Fitness, Repco, Bridgestone, PETstock, and one of Western Australia's favourite fresh food market, Spudshed.

Property information

Ownership interest	100%
WALE (on centre opening)	9.4 years
Trading occupancy (% GLA)	90.5%
Occupancy (% GLA)[107]	94.9%
Building age	5.5 years
Independent valuation	
Independent valuation (Sep-19)	$36.4m
Independent cap rate (Sep-19)	7.25%

203,679 total LGA population

17,437 sqm GLA

42,173 sqm Freehold land (41% site coverage ratio)

503 on-grade car spaces

Key tenants

Amart Furniture · spudshed · SPOTLIGHT · ANACONDA · pet stock

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[107] Includes signed leases (94.2%) and signed MoUs (0.6%).

Joondalup

Address:	11 Injune Way, Joondalup, WA 6027
Type of centre:	Daily Needs Centre
Centre Status:	Open (since November 2018)

Description

HomeCo Joondalup is located in the heart of Joondalup City, in the fast-growing northwest corridor of Perth, a short 24km drive from Perth's CBD. The centre services a local population of over 160,000, one of the largest local government populations in Western Australia. A unique mix of lifestyle brands including Anaconda, Winning Appliances, Pet Stock, Relax The Bedroom Experts, Baby Bunting, and Goodlife Health Clubs, along with Western Australia's newest Spudshed.

Property information

Ownership interest	100%
WALE (on centre opening)	9.3 years
Trading occupancy (% GLA)	74.3%
Occupancy (% GLA)[108]	94.9%
Building age	6.0 years
Independent valuation	
Independent valuation (Sep-19)	$42.1m
Independent cap rate (Sep-19)	7.25%

160,031 total LGA population

17,322 sqm GLA

44,260 sqm Freehold land (39% site coverage ratio)

562 on-grade car spaces

Key tenants[109]

spudshed · Goodlife Health Clubs · ANACONDA · Baby Bunting · pet stock · Winning appliances

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108. Includes signed leases (92.0%) and signed MoUs (2.8%).

109. Chemist Warehouse lease is subject to further approvals.

Ellenbrook

Development Portfolio

Address:	151 The Promenade, Ellenbrook, WA 6069
Type of centre:	Daily Needs Centre
Centre Status:	Planning

Description

HomeCo Ellenbrook is located in a north-eastern suburb 21km from Perth and planned as a Daily Needs Centre with pre-commitments from a supermarket and leisure & lifestyle retailers.

Independent valuation	
Independent valuation (Sep-19)	$16.5m
Independent cap rate (Sep-19)	7.75%

143,374 total LGA population

11,983 sqm GLA

30,002 sqm Freehold land (40% site coverage ratio)

439 on-grade car spaces

4.
Industry Overview

4. Industry Overview

4.1. Introduction

HomeCo owns a portfolio of convenience based centres that is primarily focused on the ‘Daily Needs’ and ‘Leisure & Lifestyle’ retail segments. The balance of the Portfolio is focused on the ‘Homewares & Electrical’ retail segment.

The Australian convenience retail property sector offers an attractive investment opportunity, supported by the following key themes:

- the convenience retail sector has grown at a faster rate compared to other retail sectors, such as department stores, clothing, footwear and personal accessory retailing, due to its emphasis on non-discretionary and lifestyle based offerings. Consumers appreciate the ‘single destination’ characteristic of convenience retail centres which generally combine supermarkets with popular lifestyle tenancies and services;
- assets in the convenience retail property sector typically have a weighted average lease expiry that is longer than assets in other retail property classes, with a significant portion of leases including contracted rent escalation above inflation; and
- a sustained low interest rate environment is expected to support asset valuations for convenience retail property which provides a stable and high yielding income.

This industry overview is based on the recent performance and outlook of the Australian economy as a whole, as well as the recent performance and outlook of the convenience retail market more specifically.

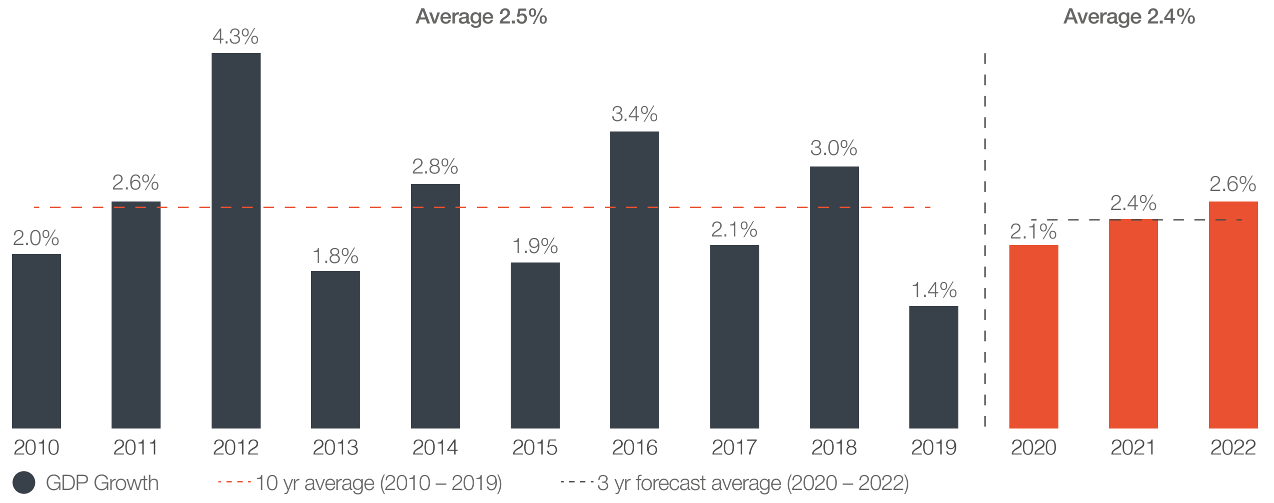
4.2. Australian economic overview

4.2.1. GDP growth

Currently in its 28th year without recession, Australia’s economy has remained robust.[110] Underpinned by a dynamic services sector, the Australian economy has an impressive track record of growth and has a proven ability to adapt to changes in the global landscape. Gross Domestic Product (“**GDP**”) expanded by 0.5% in the June 2019 quarter to be up 1.4% over the year to June 2019.[111]

Despite recent trade tensions and other economic uncertainty internationally causing apprehension in global markets, the Australian economy is projected to grow at a steady pace. Real GDP is forecast to grow by an average of 2.4% in the three years to 2022,[112] supported by strong population growth, growth in household income and consumption due to accommodative monetary policy and tighter labour market conditions.[113]

Australian GDP growth



Source: Australian Bureau of Statistics; KPMG.

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[110] *Australian Trade and Investment Commission – “Economic analysis”.*

[111] *Australian Bureau of Statistics – “Australian National Accounts” June 2019.*

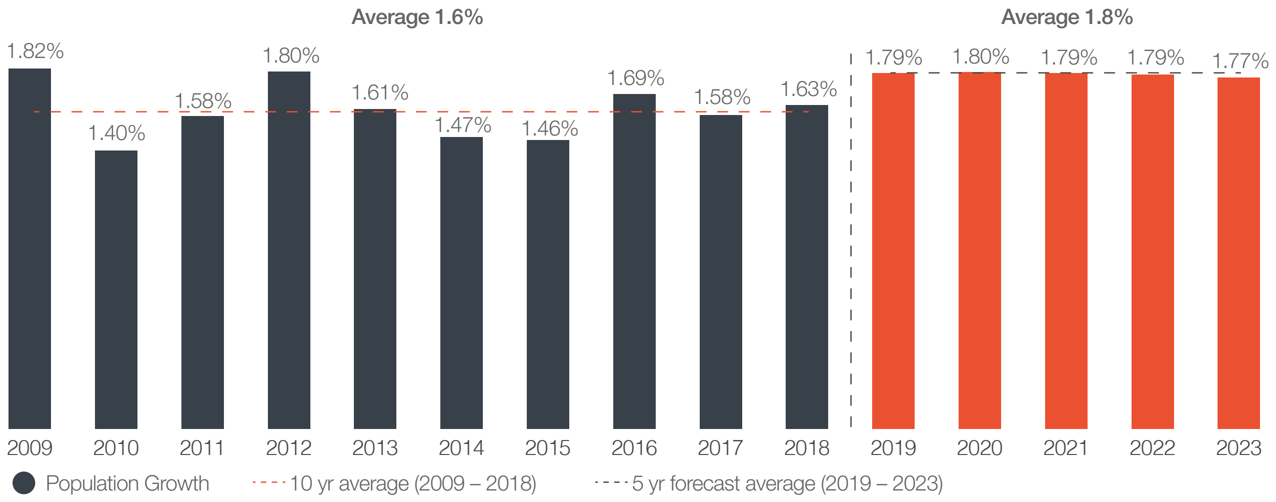
[112] *KPMG – “Quarterly Economic Outlook – Global and Australian Forecasts” July 2019.*

[113] *Reserve Bank of Australia – “Statement on Monetary Policy” May 2019.*

4.2.2. Population growth

Population growth is a major underlying driver of consumer spending and therefore supports demand for convenience retail. In the 10 years to 31 December 2018, Australia's population increased by 1.6% per year on average, with 61% of growth in the most recent year contributed from net overseas migration and 39% due to a natural increase.[114] Australia's population reached 25 million in August 2018 and convenience retail is expected to benefit from this strong population growth. Australia's population is projected to increase at an annual average rate of 1.8% in the five years to 2023.[115]

Australian population growth



Source: Australian Bureau of Statistics.

4.2.3. Monetary policy and Commonwealth Government bond yields

The outlook for interest rates is a key driver of investment demand for commercial real estate. Lower interest rates result in higher spreads between the net rental yields of real estate investments and the cost of debt financing those investments. As commercial real estate is typically acquired with some debt financing, if interest rates are lower, the financial returns to real estate investors will typically increase, stimulating further investment demand.

The Reserve Bank of Australia ("**RBA**") lowered the official cash rate by 25bps in June 2019 and a further 25bps in July 2019. As at September 2019 the official cash rate in Australia was at an all-time low of 1.00%. The RBA decision to cut rates twice during the course of 2019 was undertaken to support employment growth and provide greater confidence that inflation will be consistent with the RBA's medium-term target of 2-3%.[116]

Commonwealth Government Bond yields have correspondingly fallen to record lows and the yield curve has flattened over short and medium term maturities. The 10-year Commonwealth Government bond rate was 1.13% in September 2019 compared to a 10 year historical average of 3.41%.[117]

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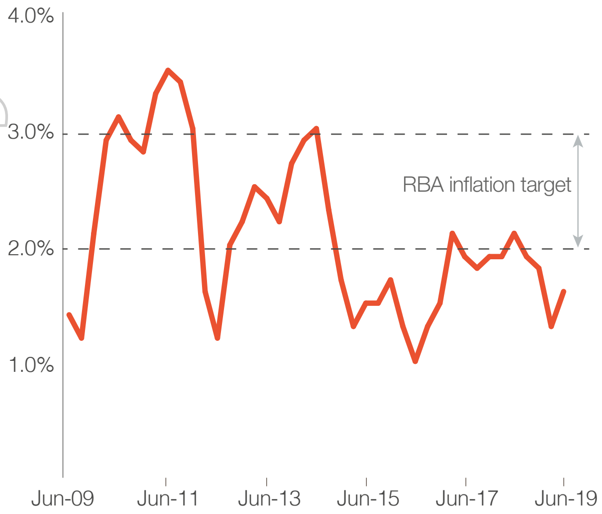
[114] Australian Bureau of Statistics – "Australian Demographic Statistics" December 2018.

[115] ABS.Stat Database.

[116] Reserve Bank of Australia – "Monetary Policy Decision" 2 July 2019.

[117] Bloomberg as at 17 September 2019.

Inflation (year-on-year)



Trend unemployment rate

Source: Australian Bureau of Statistics.

Yield on 10-year Australian government bonds

Source: Bloomberg as at 17 September 2019.

4.3. Convenience retail overview

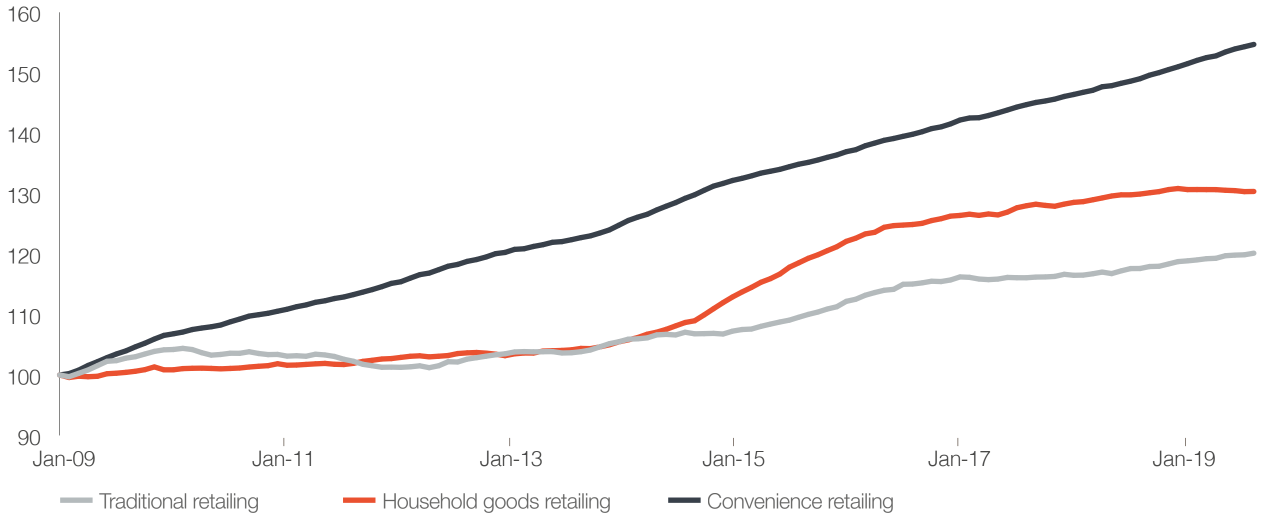
Convenience retail is characterised by offerings of everyday goods and services such as groceries, pharmacies, liquor stores, gyms and childcare. Historically, demand for convenience retail was satisfied by neighbourhood shopping centres, which are generally anchored by a supermarket and complemented by a small number of specialty shops. More recently, however, Large Format Retail ("**LFR**") centres have responded to consumer preferences by offering more convenience based goods and services in addition to traditional homemaker offerings such as furniture and electrical appliances. A growing proportion of LFR centres now contain supermarkets, pharmacies, liquor stores and essential services. Due to this shift within the LFR sector, trends in both the LFR and neighbourhood shopping centre markets have been analysed to provide an overview of Convenience Retail.

4.3.1. LFR market overview

LFR centres contribute to 25.1% of all retail sales in Australia, representing $81.7 billion of turnover in the year to 30 June 2019.[118] The sector occupies more than 35% of all retail floor space.[119]

The LFR sector has experienced considerable growth over the past few years, supported by its shift into more convenience based offerings, such as supermarkets and pharmacies. Sales growth in convenience retailing, as evidenced below, has outperformed household goods and traditional retailing due to its non-discretionary focus. Growth in household goods retailing was weaker for a few years post the GFC but has since recovered to achieve moderate levels of growth in recent times. Both convenience retailing and household goods retailing have significantly outperformed traditional retailing, which consists of department stores and clothing, footwear & accessories.

Australian retail turnover[120]



Source: Australian Bureau of Statistics.

4.3.2. Investment climate

4.3.2.1. LFR sector

LFR sales transaction volumes have been strong, with approximately $848 million sold in the 12 months to June 2019.[121] New South Wales and Queensland contributed the most to these transactions, accounting for approximately $378 million and $312 million respectively.[122]

Offshore retailers such as IKEA, Costco and Aldi have selected LFR for a substantial portion of their Australian roll-outs. Sports retailer Decathlon and European grocery chain Kaufland are following in their footsteps. This trend is likely to underpin demand for LFR assets.

Supply of LFR centres in Australia is predicted to average 64,100 sqm of space per annum between 2019 and 2021 which is relatively low when compared to the average supply of 177,800 sqm between 2000 and 2009 and 83,800 sqm between 2010 and 2018.[123] This does not include the conversion of the Masters Home Improvement properties acquired by HomeCo, from which approximately 370,000 sqm of GLA is expected to be converted into convenience retail or LFR centres.[124] In New South Wales, developers are still waiting for a change in laws and planning regulations to align with Victoria, Western Australia and South Australia[125] which include removal of floor space restrictions and relaxation of the definition of a bulky goods retailer, allowing smaller tenancies and different types of tenants to lease space in LFR centres (including supermarkets).

118. Large Format Retail Association.

119. Large Format Retail Association.

120. Traditional retailing includes ‘Department stores’ & ‘Clothing, footwear and personal accessory retailing’; Convenience retailing includes ‘Food retailing’, ‘Café, restaurant and takeaway food services’ & ‘Other retailing’ (based on ABS categorisation). ‘Other retailing’ includes pharmaceutical, recreational goods retailing and other categories. Rebased to 100 as at 1 January 2009.

121. JLL research – Australia Large Format Retail Final Data 2Q19.

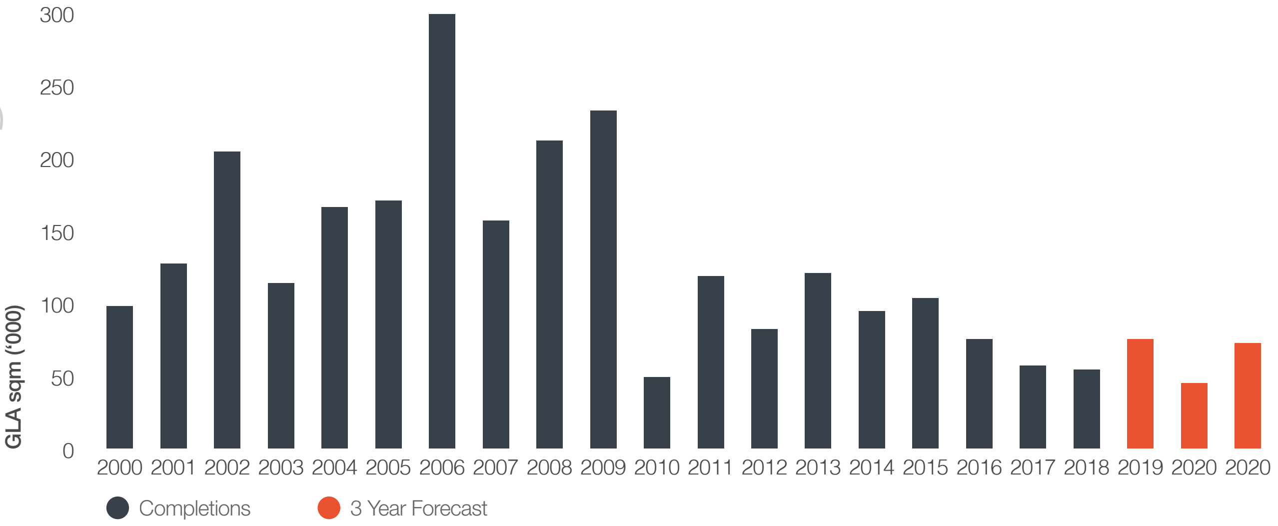
122. JLL research – Australia Large Format Retail Final Data 2Q19.

123. JLL research – Australia Large Format Retail Final Data 2Q19.

124. JLL research – Australia National Retail Category Report 2Q19.

125. Philippa Kelly, CEO of the Large Format Retail Association.

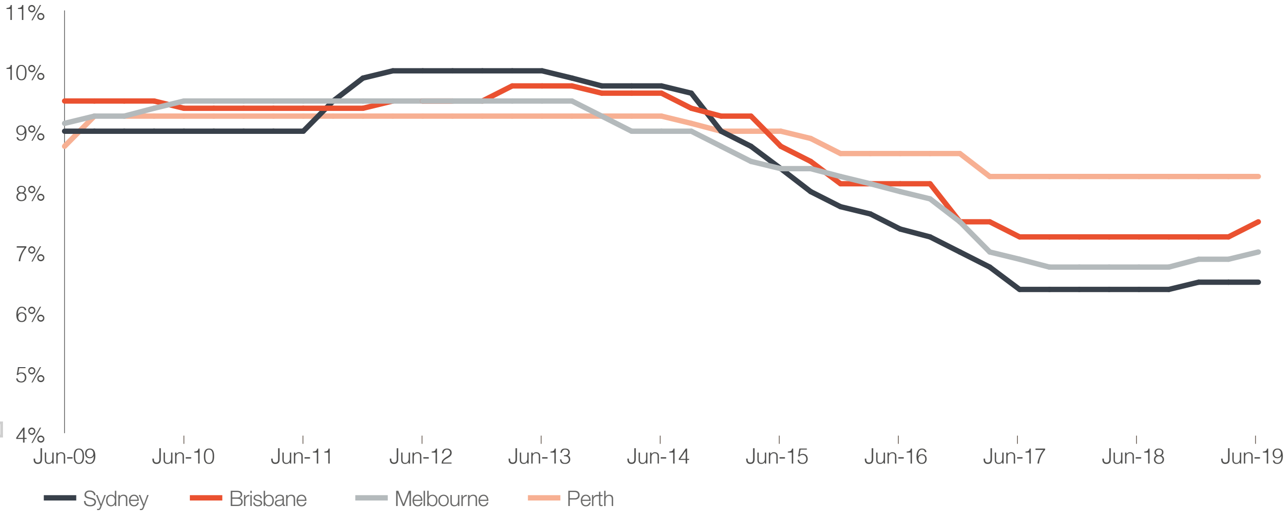
Supply of LFR centres



Source: JLL research.

Capitalisation rates and sale yields in the LFR sector compressed significantly from 2014 onwards as interest rates began to decline and investors sought investments that generated stable cash flows above cash term deposit rates. Between 2009 and 2014 capitalisation rates in the sector were generally between 8.75% and 10.00%.[126] Recent transactions within the LFR sector have achieved yields at the 6.00% - 6.50% benchmark.[127] The overall national range is wide at 5.50% - 9.00%.[128]

Large format retail centres capitalisation rates



Source: JLL research.

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126. JLL research – Australia Large Format Retail Final Data 2Q19.

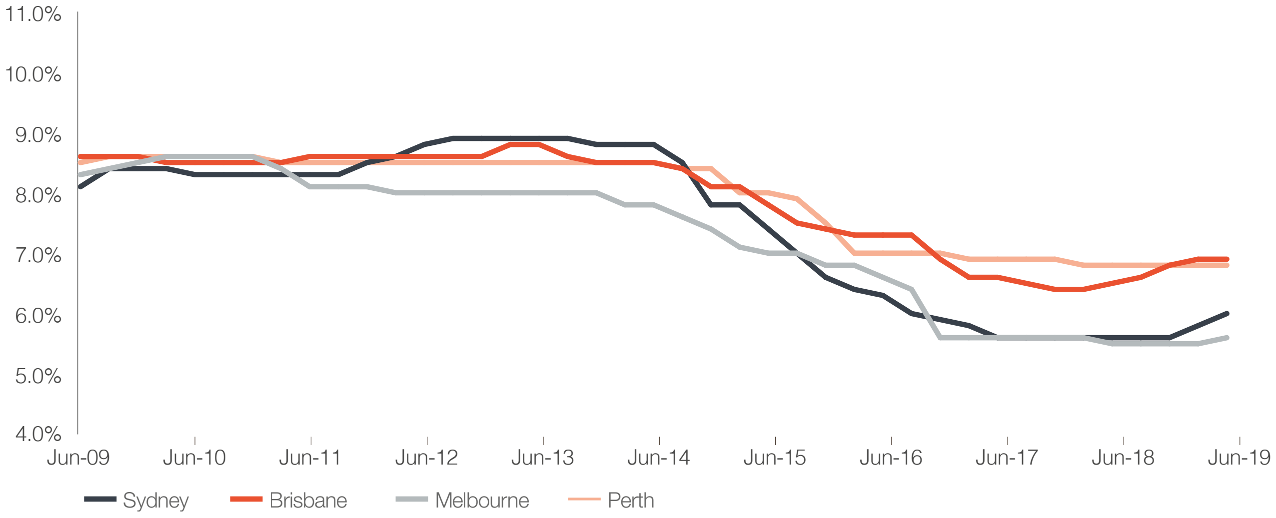
127. JLL research – Australia National Retail Category Report 1Q19.

128. JLL research – Australia National Retail Category Report 2Q19.

4.3.2.2. Neighbourhood sector

As HomeCo's portfolio includes a number of daily needs centres which have a higher proportion of non-discretionary retail and services based tenants, it is also relevant to consider the investment climate for neighbourhood retail which typically have a similar tenant mix. The neighbourhood market has seen sustained investor demand. Approximately $1.56 billion of sales of neighbourhood shopping centres were recorded in the 12 months to June 2019.[129] Queensland and New South Wales contributed the most to these transactions, accounting for approximately $590 million and $400 million respectively.[130] Despite the tightening in investment selection criteria and stricter bank funding requirements, there continues to be significant institutional, offshore and private investment demand for neighbourhood centres, with yields ranging from 4.82% - 8.30%.[131]

Neighbourhood centres capitalisation rates



Source: JLL research.

Historically, neighbourhood yields have been higher than sub-regional yields but, as of June 2017, they have fallen below the average sub-regional yield. This reflects the shift in risk premium and retail hierarchy.[132] Based on projects currently in the pipeline, completions in 2019 (105,900 sqm) are expected to be steady before rebounding in 2020 (149,100 sqm) above the 10-year average of 111,900 sqm.[133]

4.3.3. Impact of online retail

The rise of e-commerce has put a strain on traditional shopping centres. However, neighbourhood and convenience based LFR centres are not as susceptible to this threat since their offerings are less exposed to competition from online retailers. Goods such as furniture and electronics are considered major purchases that consumers prefer to buy in store so that they can examine the products in person. Additionally, these goods are often required urgently and as such, customers are not prepared to pay and wait for online delivery.

129. JLL research – Australia Neighbourhood Retail Final Data 2Q19.

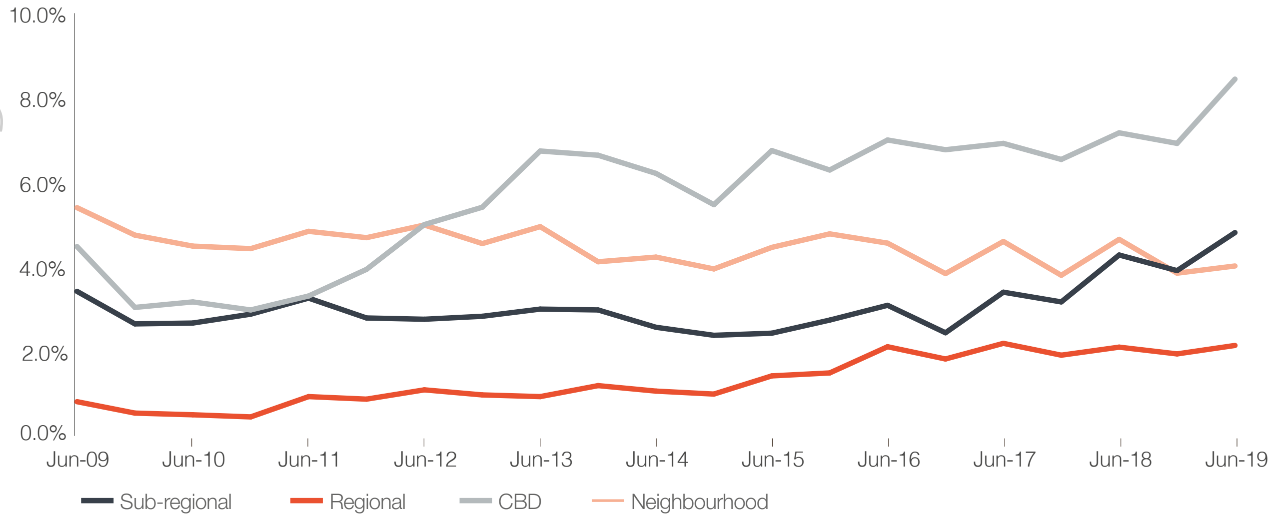
130. JLL research – Australia Neighbourhood Retail Final Data 2Q19.

131. JLL research – Australia Neighbourhood Retail Final Data 2Q19.

132. JLL research – Australia National Retail Category Report 1Q19.

133. JLL research – Australia Neighbourhood Retail Final Data 2Q19.

Retail vacancy rates by sector



Source: JLL research.

As LFR centres have evolved to include a broader tenant offering focused on convenience, they have adapted to meet consumer preferences and are now better able to compete in the changing retail landscape. Convenience retailers, such as supermarkets, are less exposed to e-commerce than traditional retailers due to the non-discretionary nature of their goods. Additionally, larger centres with a focus on lifestyle offerings, including gyms, childcare, medical, government and general services, create critical mass through their single destination offering. As such, a diversified tenancy mix with exposure to non-household goods ensures more resilient earnings and increases the frequency of foot traffic, in addition to dwell time.

4.4. Market outlook and summary

Supported by a retail and services offering that is predominantly non-discretionary in nature and favourable economic themes, convenience retail is well-positioned for future growth. Accordingly, convenience retail is expected to avoid the headwinds facing other retail subsectors in the short-to-medium term.

4.4.1. Favourable industry characteristics

With the main component of convenience retail spending – groceries – growing at a substantially higher rate than traditional retail – department stores and clothing, footwear & accessories – the fundamentals of the sector appear to be positive for the foreseeable future[134]. In addition, as convenience based retail centres continue to complement their core convenience offering with popular lifestyle tenancies and services, they will cement their position as single destination retail centres in the minds of consumers. Combined with a positive outlook for the national economy in terms of GDP[135] and consumer spending[136], convenience retail is forecast to outpace the growth of more traditional retail offerings. This robust consumer demand is expected to put downward pressure on vacancy rates, leading to expected stronger market rental growth and yields firming for convenience retail centres.

Convenience retail assets typically have a weighted average lease expiry longer than traditional retail assets, with a significant portion of leases including contracted rent escalation above inflation. In today's low interest rate environment, investors are becoming more attracted to high-quality assets with long-term leases and structured income growth. This distinguishing factor is expected to increase the inflow of funds into the sector and is forecast to further support cap rate compression in the sector.

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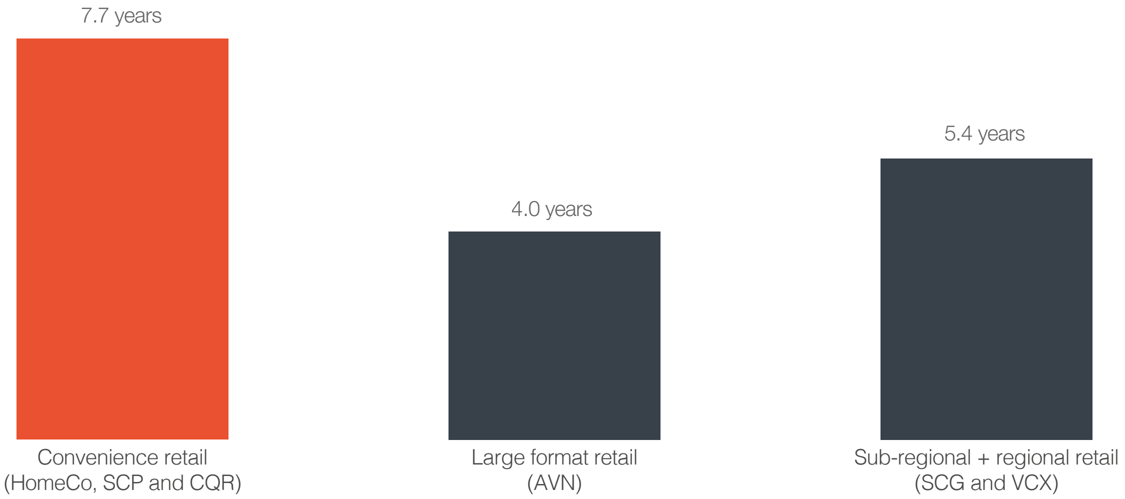
134. See retail turnover chart in section 4.3.1.

135. Based on forecast GDP growth of 2.5% p.a. in the five years to 2023.

136. Based on forecast population growth of 1.8% p.a. in the five years to 2023 – a major underlying driver of consumer spending.

Weighted average lease expiry by retail subsector[137]



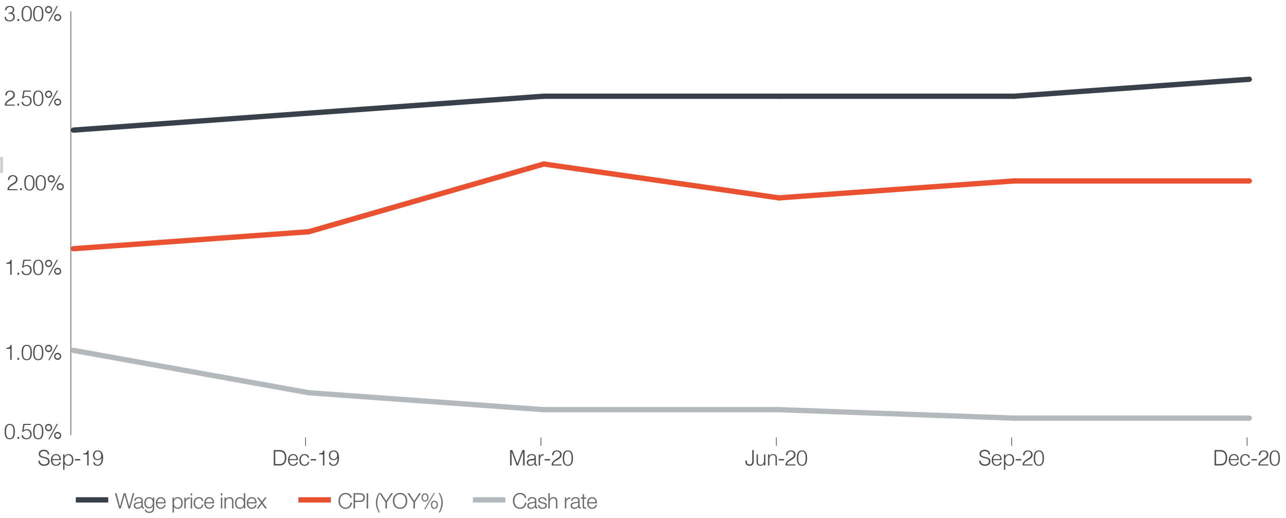
4.4.2. Low interest rate environment will support investment in real estate

Accommodative monetary policy settings in major developed economies continue to fuel the global demand for stable, high yielding investments. The yield on Commonwealth Government 10-year Bonds is often used to benchmark property returns. The yield on Commonwealth Government 10-year Bonds in September 2019 was 1.13% – 419bps below the 5.33% yield on equivalent bonds in September 2009, 10 years prior.[138]

Significant declines in yields on Commonwealth Government Bonds generally leads to investors increasing their exposure to yield sectors, such as listed real estate, and reducing exposure to cash, term deposits and bonds. This is because listed real estate offers investors liquidity, a stable yield and the potential for capital growth over time. Convenience retail is particularly attractive as a large proportion of the leases within convenience retail centres are underpinned by fixed rental increases.

According to Bloomberg consensus figures, economists expect the RBA to cut the cash rate to below 1% within the next 18 months, as inflation and wages growth remains subdued. If this occurs, it is likely that yields on Commonwealth Government Bonds will also fall.

Bloomberg economic consensus forecasts



Source: Bloomberg as at 17 September 2019.

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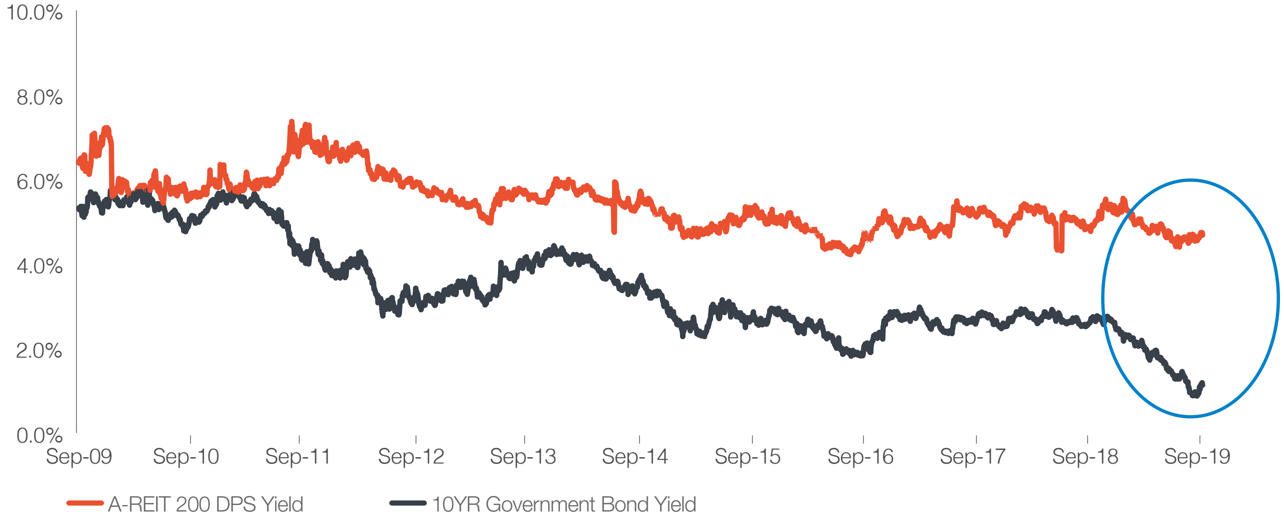
[137] SCP FY19 results presentation, CQR FY19 results presentation, AVN FY19 results presentation, SCG FY18 property compendium, VCX FY19 results presentation.

[138] Bloomberg as at 17 September 2019.

Furthermore, the spread between the yield on Commonwealth Government 10-year Bonds and the DPS yields on listed real estate has historically remained constant. Over the past 10 years, the average spread has been 2.0%. Accordingly, a sustained period of lower Commonwealth Government Bond yields will support lower real estate yields and higher valuations.

As shown in the figure below, between January 2019 and September 2019, the average Distribution Yield for REITs included in the ASX 200 index fell at the same time that yields for the 10 year Commonwealth Government fell. Given the outlook for lower interest rates in the short to medium term, yields for property transactions and trading distribution yields for REITs are expected to remain low.

A-REIT 200 DPS yields vs. 10-year Australian Government Bond yields



Source: Bloomberg as at 17 September 2019.

5.

Key People, Corporate Governance and Benefits

5. Key People, Corporate Governance and Benefits

5.1. Composition of the Board and Senior Management

5.1.1. Board of Directors

The Board of Directors of each Stapled Entity, and their relevant experience, is as follows:

Director & Experience

David Di Pilla

Executive Chairman and Chief Executive Officer

David led the team that founded and established the consortium to acquire HomeCo in 2016. David is the Founder, a director and the major shareholder of the Aurrum Aged Care group. From 2014 to 2016, David was also a strategic advisor and Director to operating subsidiaries of the Tenix Group of Companies.

David has over 20 years of experience in investment banking. From 2004 to 2015, David was Managing Director and Senior Adviser at UBS, Australia and during this time he advised some of Australia's largest corporations on mergers and acquisitions, debt and equity capital market transactions.

Chris Saxon

Deputy Chairman and Lead Independent Non-Executive Director

Chris Saxon is a leading Australian lawyer and was, until 30 April 2019, a partner with Baker McKenzie. Chris Saxon's practice included large-scale mergers & acquisition transactions across a range of sectors, notably energy (gas, electricity, renewable), industrials, infrastructure and mining.

Chris has consistently been ranked as one of Australia's foremost project and M&A lawyers and has been lead adviser on government restructuring transactions and privatisations, major trade sales and infrastructure projects.

Chris served as Chairman of Baker McKenzie Australia for five years (2012-2017) and has held numerous leadership roles within the firm.

Chris is Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Zac Fried

Non-executive Director

Zac Fried worked closely with David Di Pilla and the team who founded and established the consortium to acquire HomeCo in 2016. Zac is the Executive Deputy Chairman of Spotlight Group Holdings (SGH). Established in 1973, SGH owns three major and iconic Australian retail brands: Spotlight, Anaconda and Mountain Designs. The group also controls one of Australia's largest privately-owned property portfolios, Spotlight Property Group, and operates a significant family office engaged in extensive investment and philanthropic activities. With 8,000 employees and 200 big box retail outlets across four countries with large greenfield redevelopment opportunities throughout the group, SGH is one of Australia's leading retail and property industry participants.

Zac's focus at SGH includes the oversight of the group's property development and leasing portfolio. He has almost 30 years of retail and property industry experience and a demonstrable track record of successful site identification, property value creation, and the fostering of many longstanding and close lessee relationships. Zac has played the central role at SGH in the development of many of Australia and New Zealand's premier retail, office, and homemaker centres.

In addition to his role at SGH, Zac is the President of the Large Format Retail Association (LFRA). The LFRA is the preeminent industry association responsible for representing the Australian retail industry interests of operators, investors, property owners, developers and service providers that collectively generate c. $80 billion or 25% of all retail sales in Australia.

5. Key People, Corporate Governance and Benefits continued

Director & Experience

Greg Hayes

Non-executive Director

Greg is currently a director of Aurrum and the Precision Group. Having worked across a range of industries including property, infrastructure, energy and logistics, Greg brings to the Board skills and experience in the areas of strategy, finance, mergers and acquisitions, and strategic risk management, in particular in listed companies with global operations.

Greg was previously Chief Financial Officer and executive director of Brambles Limited, Chief Executive Officer & Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and later interim CEO of the Australian Gaslight Company, CFO Australia and New Zealand of Westfield Holdings, Executive General Manager, Finance of Southcorp Limited, Executive and held non-executive director roles at Incitec Pivot Limited and The Star Entertainment Group Ltd.

Greg holds a Master of Applied Finance, a Graduate Diploma in Accounting, a Bachelor of Arts, completed an Advanced Management Programme (Harvard Business School, Massachusetts) and is a Member of the Institute of Chartered Accountants.

Greg is a member of the Audit and Risk Committee.

Jane McAloon

Independent Non-Executive Director

Jane is a non-executive director of Viva Energy, Energy Australia, the Port of Melbourne and Civil Aviation Safety Authority.

Jane has worked in the natural resources, energy, infrastructure and utility industries for over 25 years. She was President Governance and Group Company Secretary at BHP Billiton for nine years during which she worked on key strategic issues, corporate transactions, as well as market, regulatory and reputational matters. Prior to this she was a senior executive at AGL Energy Limited.

Jane worked in executive leadership roles with the NSW Government Cabinet Office and the Energy, Rail and Natural Resources Departments. She previously worked in private legal practice.

She holds a Bachelor of Economics (Hons) and Bachelor of Laws from Monash University, a Grad Dip Corporate Governance and was awarded a Monash University Fellowship in 2018. Her previous appointments include Healthscope Limited, Referendum Council on Constitutional Recognition for Aboriginal and Torres Strait Islander Peoples and the Australian War Memorial.

Jane is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Director & Experience

Brendon Gale

Independent Non-Executive Director

Brendon is a leading Australian sporting administrator, and is the current Chief Executive Officer & Executive Director of the Richmond Football Club, one of the largest and most diversified sports businesses in Australia. He is also an experienced company Director, having previously served on the board of the Victorian Equal Opportunity & Human Rights Commission and is a current director of the Richmond Football Club Ltd and Aligned Leisure Pty Ltd.

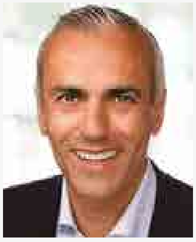
Brendon brings to the Board skills and experience in leading high performing and profitable consumer businesses, operating in multi stakeholder environments, involving significant public investment. He has a proven track record in shaping positive corporate culture and setting the tone from the top through the alignment of purpose, values and strategy.

He holds a Master's Degree in Arts and Bachelor of Laws from Monash University. He has completed the Advanced Management Program at Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

Brendon is a member of the Remuneration and Nomination Committee.

5.1.2. Senior management team

The senior management team of HomeCo, and their relevant experience, is as follows:



David Di Pilla

Executive Chairman and Chief Executive Officer

See Section 5.1.1.

Sid Sharma

Chief Operating Officer

Sid joined HomeCo in 2019 and oversees the day to day operational functions of the business including leasing, property management, development, asset management and marketing.

Sid has extensive retail operations and property experience and has previously held executive roles at DEXUS, Woolworths and Westpac across leasing, asset management, developments and operations. Sid holds a Bachelor of Laws and Bachelor of Business (Economics & Finance) from WSU and was recipient of the Vice Chancellors leadership scholarship. Most recently, he was Chief Operating Officer at SCA Property Group.

Will McMicking

Finance and Strategy Director

Will was a part of the team that established HomeCo and is responsible for overseeing all of the Finance and Strategy functions across the business. Will is also a shareholder of the Aurrum Aged Care Group.

Will is a Member of the Institute of Chartered Accountants and has over 10 years investment banking and corporate finance experience having previously held roles at UBS Australia and EY.

Andrew Selim

General Counsel and Company Secretary

Andrew joined HomeCo in 2017 and is General Counsel and Company Secretary. He is responsible for all legal, compliance and governance activities of the business. Andrew has over 15 years of local and international experience in real estate and corporate law, including property investment, development, construction and dispute resolution.

Before joining HomeCo, Andrew was Senior Legal Counsel and Company Secretary at The GPT Group. Prior to that, he was a Senior Associate at Allens Linklaters and a Solicitor at Herbert Smith Freehills.

Andrew holds a Master of Laws, Bachelor of Laws (Honours) and Bachelor of Science (Advanced), all from the University of Sydney. He is a Member of the Governance Institute of Australia and sits on the Law Society of NSW In-House Corporate Lawyers Committee. He has been recognised by Doyles Best Lawyers Guide 2019 as a leading in-house lawyer.

Andrew Boustred

Development Director

Andrew was a part of the team that established HomeCo. He is responsible for planning as well as identifying and executing on key business initiatives. Andrew is a Chartered Accountant and has 20 years' experience in business development and corporate finance.

Prior to joining HomeCo, Andrew was at Olbia Pty Ltd and Tenix Group.

Angy Dinevska[139]

Human Resources Manager

Angy joined HomeCo shortly after it was established and is responsible for overseeing all aspects of human resources and talent management at HomeCo.

Angy has over 15 years' relevant experience having previously held roles at global healthcare companies and consumer goods companies primarily during periods of acquisition and integration.

Clare Chapman

Financial Controller

Clare joined HomeCo in 2019 and is Financial Controller of the Group. Clare has extensive experience in accounting and finance having previously held roles at SCA Property Group and EY.

Clare is a Chartered Accountant with a Bachelor of Commerce and Bachelor of Business from University of Newcastle.

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[139] *Angy Dinevska is an employee of Aurrum Pty Ltd and is seconded to HCL.*

5.1.3. Director disclosure

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Securities.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

Each Director has confirmed that he or she anticipates being available to perform their duties as a Non-Executive or Executive Director, as the case may be, without constraint from other commitments.

5.2. Interests and benefits of Directors

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

- has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of a Stapled Entity, or in any property acquired or proposed to be acquired by a Stapled Entity or in the Offer; or
- has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of a Stapled Entity or the Offer.

5.2.1. Directors' interests and remuneration

5.2.1.1. Chief Executive Officer

David Di Pilla is employed as CEO. HomeCo has entered into an employment contract with David Di Pilla to govern his employment. See Section 5.2.3.1 for further details.

5.2.1.2. Non-Executive Director appointment letters

Under the Constitutions, the Board may decide the remuneration to which each Director is entitled for his or her services as a Director, or until so determined by its Securityholders in general meeting. In addition, under the Listing Rules, the total amount payable to all Directors for their services (excluding for these purposes, the remuneration of any Executive Director) must not exceed an aggregate in any financial year the amount fixed in general meeting. This amount has been fixed by the Stapled Entities at $1,000,000 per annum. Any increase to that aggregate annual sum must be approved by Securityholders. Directors will seek approval of the Securityholders from time to time, as appropriate.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Stapled Entities, which may be made in addition to or in substitution for the Director's fees.

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Stapled Entities, confirming the terms of their appointments, their roles and responsibilities and HomeCo's expectations of them as Directors. As at the Prospectus Date, the annual Non-Executive Directors' base fee agreed to be paid by the Stapled Entities to each of the Non-Executive Directors is $100,000.

Non-Executive Directors will also be paid committee fees of $20,000 per year for each Board Committee of which they are a Chair or $10,000 for each Board Committee of which they are a member.

All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

5.2.1.3. Deeds of access, indemnity and insurance

The Stapled Entities have entered into deeds of access, indemnity and insurance with each Director. Each deed contains a right of access to certain books and records of the Stapled Entities and their related bodies corporate for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the Constitutions, the Stapled Entities must indemnify Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Stapled Entities or a related body corporate. Under the deeds of access, indemnity and insurance, the Stapled Entities indemnify each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of a Stapled Entity or of a related body corporate.

Pursuant to the Constitutions, the Stapled Entities may purchase and maintain insurance for each Director and executive officer of the Stapled Entities to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Stapled Entities or a related body corporate. Under the deeds of access, indemnity and insurance, the Stapled Entities must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

5.2.1.4. Other information

Directors are entitled to be paid for travel and other expenses incurred in attending to HomeCo’s affairs, including attending and returning from general meetings of the Stapled Entities or meetings of the Board or Committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of the Stapled Entities or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Stapled Entities. These amounts are in addition to the fees set out in Section 5.2.1.2.

HomeCo does not pay benefits (other than statutory entitlements) on retirement to Non-Executive Directors.

5.2.2. Directors' and Key Management Personnel interests in Securities

The Directors (and their associates) are entitled to apply for Securities under the Offer. Each of Jane McAloon, Chris Saxon and Brendon Gale have confirmed an intention to acquire Securities in the Offer with a value of $440,000. Each of Jane McAloon, Chris Saxon and Brendon Gale will also receive Rights in lieu of consulting fees, as set out in Section 5.4.2.1.

A summary of Board and Key Management Personnel Securityholdings both immediately prior to and following Completion, including additional Securities which the Board and Key Management Personnel are proposing to acquire under the Offer, is provided below.

Refer to Section 9.5 for details of the capital and securityholding structure, including the Directors' interests in Securities held by the existing Securityholders immediately prior to and following Completion.

Directors and Key Management Personnel securityholdings[1]

	Pre	Post	Rights
Directors			
David Di Pilla[2]	30,857,979	31,598,278	223,881
Zac Fried[3]	10,000,000	19,818,210	Nil
Greg Hayes[4]	8,682,539	8,740,748	Nil
Chris Saxon	Nil	131,344	33,831
Jane McAloon	Nil	131,344	33,831
Brendon Gale	Nil	131,344	33,831
Total Directors	**49,540,518**	**60,551,268**	**325,374**
Key Management Personnel			
Sid Sharma	Nil	Nil	189,552
Will McMicking[5]	2,206,306	2,206,306	31,343
Andrew Selim	Nil	Nil	65,672
Andrew Boustred[6]	500,000	500,000	56,717
Total Key Management Personnel	**2,706,306**	**2,706,306**	**343,284**
Total Directors and Key Management Personnel	**52,246,824**	**63,257,574**	**668,658**

Note:

1. *The table shows the economic interests the Directors and Key Management Personnel have in the Securities, which may not be a relevant interest for the purposes of the Corporations Act. The Directors and Key Management Personnel may hold their interests either directly or through their interests in one or more Foundation Securityholders which has an interest in the Securityholding of HIC Trustee. HIC Trustee has an equivalent shareholding in the Stapled Entities.*
2. *As at the date of this Prospectus, David Di Pilla has an economic interest in 30,857,979 Securities by virtue of his interest in HIC Trustee and HICT held by DDP Capital Pty Ltd, Mez Pty Ltd ATF the Di Pilla Family Trust and Aurrum Holdings Investment Company Pty Ltd ATF the Aurrum Holdings Investment Trust, Foundation Securityholders. HIC Trustee has an equivalent shareholding in the Stapled Entities. See Section 9.5 for further details.*
3. *As at the date of this Prospectus, Zac Fried has an economic interest in 10,000,000 Securities by virtue of his interest in HIC Trustee and HICT held by Spotlight HIC Nominee Pty Ltd, a Foundation Securityholder. HIC Trustee has an equivalent shareholding in the Stapled Entities. See Section 9.5 for further details.*
4. *As at the date of this Prospectus, Greg Hayes has an economic interest in 8,682,539 Securities by virtue of his interest in HIC Trustee and HICT held by Grasmere Custodians Pty Ltd ATF Hayes Family Superannuation Fund and Aurrum Holdings Investment Company Pty Ltd ATF the Aurrum Holdings Investment Trust, Foundation Securityholders. HIC Trustee has an equivalent shareholding in the Stapled Entities. See Section 9.5 for further details.*
5. *As at the date of this Prospectus, Will McMicking has an economic interest in 2,206,306 Securities by virtue of his interest in HIC Trustee and HICT held directly and via Aurrum Holdings Investment Company Pty Ltd ATF the Aurrum Holdings Investment Trust, a Foundation Securityholder. HIC Trustee has an equivalent shareholding in the Stapled Entities.*
6. *As at the date of this Prospectus, Andrew Boustred has an economic interest in 500,000 Securities by virtue of his interest in HIC Trustee and HICT held by Bullecourt Super Pty Ltd ATF the Bullecourt Super Fund, a Foundation Securityholder. HIC Trustee has an equivalent shareholding in the Stapled Entities.*

The Securities to be acquired by Directors and Key Management Personnel under the Offer may be held through similar existing arrangements, directly or indirectly through other holdings by companies or trusts.

5.2.3. Executive remuneration and related arrangements

5.2.3.1. Executive Director

Details regarding the terms of employment of the Chief Executive Officer, David Di Pilla, are set out below. The details below will apply to David from 1 October 2019.

Term	Description
Employer	Home Consortium Limited
Remuneration and other benefits	David will be entitled to receive an annual base salary of $500,000 (inclusive of superannuation). HomeCo may also provide additional benefits to David in its absolute discretion.
Incentives	David is eligible to participate in the Employee Equity Plan on the terms determined by HCL from time to time. Further details of the FY20 grant are set out in Section 5.4.1 below. David has elected not to participate in any short term incentive plan.
Termination	Under David's employment contract, either David or HCL can terminate his employment by giving the other party 6 months' notice (or by HCL making payment in lieu of notice of part or all of the notice period). HCL may summarily terminate David's employment contract in certain circumstances, including where he is guilty of serious misconduct, is grossly negligent, commits a serious breach of his employment agreement or become bankrupt. All payments on termination will be subject to the termination benefits cap under the Corporations Act.
Restraints	David's employment contract contains post-employment restraints, including: • non-competition restraints, which purport to operate across Australia; • restrictions against soliciting any business that competes with or is likely to compete with, or is the same as, HomeCo's business; • restrictions against enticing a customer away from HomeCo; and • restrictions against attempting to entice away from HomeCo any director or officer of HomeCo. The restrictions above purport to operate for up to 12 months post-employment and the enforceability of these restraints is subject to all usual legal restrictions.

5.2.3.2. Key Management Personnel employment arrangements and remuneration

All Key Management Personnel are employed under written terms of employment with HomeCo. The key terms and conditions of their employment include:

- total remuneration packages (including mandatory superannuation contributions);
- the potential to receive an annual short term incentive (as summarised in Section 5.3) and eligibility to participate in the EEP (as summarised in Section 5.4.1);
- express provisions protecting the Stapled Entities' confidential information and intellectual property; and
- notice of termination of employment provisions, with notice periods of six months.

A summary of the remuneration packages for the Key Management Personnel is set out below:

Executive	Position	Base salary ($)	STIP (%)	STIP ($)	LTIP (%)	LTIP ($)	Total annual rem. package ($)	Rights under Rem.	Employee grant ($)	Rights under EG	Total rights
Sid Sharma	Chief Operating Officer	475,000	40	190,000	40	190,000	855,000	56,716	445,000	132,836	189,552
Will McMicking	Finance and Strategy Director	350,000	30	105,000	30	105,000	560,000	31,343	–	–	31,343
Andrew Selim	General Counsel and Company Secretary	400,000	30	120,000	30	120,000	640,000	35,821	100,000	29,851	65,672
Andrew Boustred	Development Director	300,000	30	90,000	30	90,000	480,000	26,866	100,000	29,851	56,717
Total Key Management Personnel		**1,525,000**		**505,000**		**505,000**	**2,535,000**	**150,746**	**645,000**	**192,538**	**343,284**

5.3. Short term incentive plan

Key Management Personnel are eligible to participate in the short term incentive plan ("**STIP**"). The STIP is an annual plan to be paid in cash, with no deferral.

The FY20 STIP will be subject to the following performance conditions tested over the performance period:

- HomeCo's Prospectus FY20 Freehold FFO per share (as a mandatory condition); and
- Individual KPIs agreed with each member of the Key Management Personnel and subject to threshold, target and stretch hurdles.

STIP payments in FY20 will represent between 30% to 40% of base salary, as outlined in Section 5.2.3.2.

David Di Pilla has elected not to participate in the STIP.

5.4. Employee and Non-Executive Director equity plans

HomeCo intends to implement an employee and director ownership culture post listing and as a result has established the employee equity plan ("**EEP**") and the non-executive director equity plan ("**NEDEP**"). In addition, certain members of management and the Independent Non-Executive Directors will be awarded a one-off grant of Rights on or around Completion, which will be delivered under the EEP and NEDEP.

5.4.1. Employee equity plan

HomeCo has established the employee equity plan ("**EEP**") to assist in the motivation, reward and retention of Key Management Personnel and other HomeCo employees from time to time. The EEP is designed to align the interests of Key Management Personnel and other employees with the interests of Securityholders by providing an opportunity for employees to receive a cash incentive and an equity interest in HomeCo subject to the satisfaction of certain performance conditions.

The key features of the EEP are outlined in the table below:

Term	Description
Eligibility	Offers may be made at the Board's discretion to Directors, employees of HomeCo or any other person the Board determines to be eligible to receive a grant under the EEP.
Awards under the EEP	HomeCo may grant Rights, Options and/or Restricted Securities as awards ("**Awards**"), subject to the terms of individual offers. • "Rights" are an entitlement to receive Securities subject to the satisfaction of applicable conditions. Upon satisfaction of the applicable vesting conditions, the Rights will vest and become exercisable prior to their expiry. • "Options" are an entitlement to receive Securities upon satisfaction of applicable conditions and payment of an applicable exercise price. • "Restricted Securities" are Securities that are subject to dealing restrictions, vesting conditions or other restrictions or conditions. Unless otherwise specified in an offer document, HomeCo has the discretion to settle Rights or Options with a cash equivalent payment.
Offers under the EEP	Under the EEP, the Board may make offers at its discretion, subject to any requirement for Securityholder approval. The Board has the discretion to set the terms and conditions on which it will offer Awards in individual offer documents. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a Right, Option or Restricted Security allocated under the EEP.
Vesting	Vesting of the Awards is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Board's absolute discretion, unvested Awards lapse in whole or in part upon the first of: • the date specified in the offer document, or if no date is specified, 15 years after the Award was granted to the participant; • a circumstance or event described in the EEP or the offer document that has the effect of causing the Award to lapse; or • any condition imposed under the EEP or the offer document not being satisfied.
Cessation of employment	Under the EEP and subject to the Board's absolute discretion in relation to the treatment of entitlements on cessation of employment: • in the case of unvested Awards: – if a participant's employment is terminated for cause or voluntary resignation, all of their unvested Awards will lapse immediately; and – if a participant ceases employment for any other reason, the Board has the discretion to determine that a pro-rata number of the participant's unvested awards may vest in accordance with the EEP; or • in the case of vested Awards: – if a participant is terminated for cause, all vested Awards which have not been exercised at the time of termination will automatically lapse; and – in all other cases, the participant must exercise any vested Awards by the earlier of (i) 90 days of ceasing to be an employee or (ii) the date the Award lapses.

Term	Description
Clawback and preventing inappropriate benefits	The EEP provides the Board with broad clawback powers if the Board considers the participant's conduct, capability or performance justifies the variation.
Change of control	Unless the Board determines otherwise, upon a change of control a pro-rata number of the participant's unvested Awards will vest to the extent that the conditions have been satisfied. Where a participant holds a vested award at the date of the change of control: • for each vested Right or Option requiring exercise, the participant will have 30 days from the date of the change of control in which to exercise the Award. Any Awards not exercised within the period will lapse; • for each vested Right not requiring exercise, HomeCo will have 30 days from the date of the change of control in which to settle the Award; or • for each vested Restricted Security, HomeCo will have the disposal restrictions lifted within 30 days from the date of the change of control.
Reconstructions, corporate action, rights issues, bonus issues etc.	The EEP includes specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their Awards as a result of such corporate actions. Participants are not entitled to participate in new issues of Securities by HomeCo prior to the vesting (and exercise if applicable) of their Options or Rights. In the event of a bonus issue, Options or Rights will be adjusted in the manner required by the Listing Rules.
Post vesting restrictions	Subject to any disposal restrictions the Board may at any time determine, no disposal restrictions will apply on Securities acquired by participants on vesting other than HomeCo's Security Trading Policy.
Other terms	The EEP contains customary and usual terms for dealing with administration, variation, suspension and termination of the plan.

5.4.1.1. Employee grant

HomeCo intends to award a one-off grant of Rights to all HomeCo employees (other than David Di Pilla and Will McMicking) to promote their retention post-Completion, provide equity participation and enhance engagement over the longer term. A total of 307,463 Rights will be granted.

The EEP Rules described above will be used to deliver these awards. The Rights will have a vesting period of three years following the date of issue and are not subject to any performance conditions other than the executive's or employee's continued employment over the vesting period. The Rights will vest and convert to Securities (or cash, at the discretion of the Board).

5.4.1.2. FY20 Awards

On or around Completion, the Board intends to make an initial grant of Rights relating to the performance period commencing FY20 to the Executive Chairman and Chief Executive Officer, Finance and Strategy Director, Chief Operating Officer and General Counsel. The EEP rules described above will be used to deliver these FY20 Awards.

The FY20 Awards consist of:

- 223,881 Rights to David Di Pilla, being 150% of the base salary for the Executive Chairman and Chief Executive Officer;
- 56,716 Rights to Sid Sharma, being 40% of the base salary for the Chief Operating Officer; and
- 94,030 Rights to Will McMicking, Andrew Selim and Andrew Boustred, being 30% of the base salary for the Finance and Strategy Director, the General Counsel and Company Secretary and the Development Director.

The FY20 Awards will be subject to the following performance conditions:

- 50% will vest based on HomeCo's total securityholder return measured against a comparator group consisting of Australia Real Estate Investment Trusts in the S&P/ASX300. Vesting occurs at 50% when HomeCo is at the 50th percentile of the comparator group and at 100% at or above the 75th percentile. Between the 50th and 75th percentile, the Rights will vest on a straight line basis; and
- 50% will vest based on HomeCo's aggregate Freehold FFO per Security. Vesting occurs on a sliding scale of 50% vesting at the threshold (being 97.5%) to 100% vesting at maximum performance (being at or above 100%).

The FY20 Awards will be tested over the performance period of approximately 3 years from the date of grant, will vest immediately following the announcement of the FY22 financial results and expire 2 years following the vesting date.

5.4.2. Non-Executive Director Equity Plan ("NEDEP")

The NEDEP allows Non-Executive Directors to acquire Rights, in lieu of up to 50% of their annual cash Board fees in any 12 month period. The rules of the NEDEP are broadly consistent with those of the EEP, save for the following key differences:

Term	Description
Eligibility	Non-Executive Directors of HomeCo.
Awards under the NEDEP	HomeCo may grant Rights subject to the terms of individual offers. Rights granted, or Securities allocated following the vesting of Rights, may be subject to disposal restrictions.
Quantum	Non-Executive Directors can elect on a voluntary basis to sacrifice up to an agreed percentage or fixed dollar amount of their pre-tax future fees, to be received as Rights ("**Participant Contribution**").
Vesting	Vesting of Rights is subject to any service conditions determined by the Board and specified in the offer document. Subject to the Board's absolute discretion, unvested Rights will lapse in whole or in part upon the earlier of: • the date specified in the offer document; • upon ceasing to be a Non-Executive Director prior to the Rights vesting; or • any service condition imposed under the NEDEP or the offer document not being satisfied.
Cessation of office	Subject to the terms of the offer document and the Board's absolute discretion in relation to the treatment of Rights or Securities upon a participant ceasing to be a Non-Executive Director: • in the case of unvested Rights: – a pro-rated number of Rights (equivalent to the Participant Contribution up to the date of cessation) will vest and Securities will be allocated; or – the Rights will lapse and the Non-Executive Director will be paid, in cash, an amount equivalent to the Participant Contribution up until the date of cessation; or • in the case of Securities which were allocated upon the vesting of Rights but remain subject to disposal restrictions, the disposal restriction will cease to apply provided the Participant Contributions have been made in full.
Change of Control	Subject to the terms of the offer document or unless the Board determines otherwise, upon a change of control, all Rights will vest and any disposal restrictions on Securities that are subject to the NEDEP will cease.

5.4.2.1. Independent Non-Executive Director grant

HomeCo intends to award a one-off grant of Rights to the Independent Non-Executive Directors at Completion in lieu of cash fees for additional time and effort contributed in HomeCo achieving Completion. A total of 71,643 Rights will be granted to the Independent Non-Executive Directors for nil consideration, with each Independent Non-Executive Director receiving 23,881 Rights.

The quantum of the grant is equal to two times the consulting fees payable to the Independent Non-Executive Director in the lead up to Completion. The consulting fees will be determined based on the greater of $10,000 per calendar month commencing 1 July 2019 and $40,000.

The NEDEP rules described above will be used to deliver these awards. The Rights are not subject to any performance conditions and will vest and automatically convert in the first trading window post-Completion (e.g. following HomeCo's 2019 annual general meeting). The Securities issued on conversion of the Rights will be subject to disposal restrictions until the Independent Non-Executive Director retires from the Board.

5.4.2.2. Independent Non-Executive Director Salary Sacrifice Grant

In respect of FY20, the Independent Non-Executive Directors have each nominated to sacrifice 50% of their cash Board fees for that period and a total of 29,850 Rights will be granted to the Independent Non-Executive Directors at Completion, with each Independent Non-Executive Director receiving 9,950 Rights.

The NEDEP rules described above will be used to deliver these awards. The Rights are not subject to any performance conditions and will vest and automatically convert in the first trading window following completion of the Offer (e.g. following HomeCo's 2019 annual general meeting). The Securities issued on conversion of the Rights will be subject to disposal restrictions until the Independent Non-Executive Director retires from the Board.

5.5. Corporate governance

This Section summarises the key corporate governance policies and practices adopted by the Stapled Entities and outlines how the Board will oversee the management of HomeCo's business. In conducting HomeCo's business, the Board's role is to:

- represent and serve the interests of Securityholders by overseeing and appraising HomeCo's strategies, policies and performance;
- protect and optimise company performance and build sustainable value for Securityholders in accordance with any duties and obligations imposed on the Board by law and the Constitutions;
- set, review and monitor compliance with HomeCo's values and governance framework; and
- ensure that the Securityholders are kept informed of HomeCo's performance and major developments affecting its state of affairs.

Accordingly, the Board has created a framework for managing HomeCo, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for HomeCo's business and that are designed to promote the responsible management and conduct of HomeCo.

The main policies and practices adopted by HomeCo, which will take effect from Completion are set out below. Details of the Stapled Entities' key policies and practices and the charters for the Board and each of its committees are available at www.homeconsortium.com.au.

5.5.1. ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has developed the ASX Corporate Governance Principles and Recommendations 4th edition ("**ASX Recommendations**") for ASX listed entities to promote investor confidence and assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but guidelines against which entities have to report on an "if not, why not" basis. Under the Listing Rules, the Stapled Entities will be required to disclose the extent of its compliance with the ASX Recommendations for each reporting period. Where the Stapled Entities have not followed an ASX Recommendation, it will be required to identify the recommendation that has not been followed and give reasons for not following it. The Stapled Entities must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Although HomeCo is not required to measure its governance practices against the 4th edition of the ASX Recommendations until the financial year commencing 1 July 2020, HomeCo is committed to conducting its business in the best interests of its Securityholders by early adopting the 4th edition of the ASX Recommendations.

Except as set out below, the Stapled Entities intend to comply with all of the ASX Recommendations from the time of Completion. The Stapled Entities will also disclose in the annual report the extent of their compliance with the ASX Recommendations.

Specifically, the majority of the Board are not independent Directors, the Chairman is not an independent Director and the Chairman is not a different person to the CEO, as required by ASX Recommendations 2.4 and 2.5, respectively. Currently only three Board members are independent Directors (Chris Saxon, Jane McAloon and Brendon Gale). The Board, having regard to HomeCo's stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board is appropriate.

5.5.2. Board composition and independence

The Board is comprised of six Directors of whom three are Independent Non-Executive Directors. Detailed biographies of the Board members are provided in Section 5.1.1.

The Board Charter (summarised in Section 5.5.3) sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations. In general, Directors will be considered to be independent if they meet those guidelines.

The Board is responsible for the overall governance of the Stapled Entities. The Board considers issues of substance affecting the Stapled Entities, with advice from external advisers as required. Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director must not participate in discussion or resolutions pertaining to any matter for which the Director has a material personal interest.

As at the date of this Prospectus, Chris Saxon, Jane McAloon and Brendon Gale are independent Directors and do not hold any securities in the Stapled Entities. Chris Saxon is a consultant to Baker McKenzie and was, for 31 years, a partner of Baker McKenzie. Chris Saxon had some involvement in the provision of legal advice to HomeCo when a partner of Baker McKenzie and Baker McKenzie continues to provide legal advice to HomeCo in relation to a number of matters (including in relation to the Offer). The Board notes that Chris Saxon did not act as lead or relationship partner for HomeCo and has determined that his role with HomeCo whilst at Baker McKenzie was not material and does not impact his independence as a Director. Consequently, the Board has concluded that Chris Saxon is independent.

5.5.3. Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board. The Charter sets out the Board composition, the Board's role and responsibilities, the relationship and interaction between the Board and management and the authority delegated by the board to management and Board committees.

The Board's role is to, among other things:

- demonstrate leadership, define HomeCo's purpose and set the strategic objectives of HomeCo;
- approve HomeCo's statement of values and Code of Conduct to underpin the desired culture within HomeCo;
- appoint the Chair, the Chief Executive Officer, the Group Secretary and other senior executives of HomeCo;
- oversee management's implementation of HomeCo's strategic objectives, instilling of HomeCo's values and its performance generally;
- oversee the integrity of HomeCo's accounting and corporate reporting systems, including the external audit;
- oversee HomeCo's process for making timely and balanced disclosure to the market;
- satisfy itself that HomeCo has in place an appropriate risk management framework (for both financial and non-financial risks);
- satisfy itself that HomeCo's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;
- review the performance and effectiveness of HomeCo's governance practices policies and procedures;
- determine HomeCo's dividend policy;
- evaluate, approve and monitor budgets, major capital expenditure, capital management and all major corporate transactions, including the issue of securities of HomeCo; and

- ensure that HomeCo maintains a commitment to promoting diversity in the workplace.

The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board. Management must supply the Board information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. The Board collectively and any Director individually may seek independent professional advice at HomeCo's expense, following consultation with the Chairman or the Board, with the advice being made available to the Board as a whole.

While the Board retains ultimate responsibility for the strategy and performance of HomeCo, the day to day operation of HomeCo is conducted by, or under the supervision of, the senior executives as directed by the Board. The Board approves corporate objectives for the senior executives to work towards and the management team is then responsible for implementing strategic objectives, plans and budgets approved by the Board.

5.5.4. Board committees

The Board may from time to time establish appropriate committees to streamline the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Membership of Board committees will be based on the needs of HomeCo, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

Committee	**Overview**	**Members**
Audit and Risk Committee	The Audit and Risk Committee will assist the Board to carry out its accounting, auditing and financial reporting responsibilities, including with respect to the oversight of, among other things: • the reliability and integrity of HomeCo's financial management, application of accounting policies, financial reporting systems and processes; • the appointment, remuneration, independence and competence of HomeCo's external auditors; • the performance of the external audit functions and review of their audits; • the accounting judgments exercised by management in preparing HomeCo's financial statements; • management's performance against HomeCo's risk management framework; • the implementation and effectiveness of HomeCo's system of risk management and internal controls; • HomeCo's systems and procedures for compliance with applicable legal and regulatory requirement; and • HomeCo's taxation risk management, financial risk management, business policies and practices, and risks associated with transactions of a strategic or routine nature.	Jane McAloon (Chair), Chris Saxon and Greg Hayes
Remuneration and Nomination Committee	The role of the Remuneration and Nomination Committee in relation to remuneration includes, among other things: • the appropriateness of HomeCo's remuneration policies; • reviewing the composition and performance of the Board and its committees; and • recommending to the Board whether offers are to be made under any or all of HomeCo's employee equity incentive plans and whether major changes should be made to the employee equity incentive plans.	Chris Saxon (Chair), Jane McAloon and Brendon Gale

Committee	Overview	Members
Remuneration and Nomination Committee continued	The role of the Remuneration and Nomination Committee in relation to nomination includes, among other things: • the process for recruiting new members of the Board, including conducting appropriate background checks, evaluating the balance of skills, knowledge, experience, independence and diversity on the Board; • establish a skills matrix setting out the mix of skills and diversity the Board has and regularly reviewing the skills matrix to ensure that it adequately covers the skills needed to address existing and emerging business and governance issues relevant to HomeCo; • ensuring there are plans in place to manage the succession of Board members and senior executives; and • ensuring that programs are in place for the continued professional development of the Board.	Chris Saxon (Chair), Jane McAloon and Brendon Gale

5.5.5. Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which are available on HomeCo's website at www.homeconsortium.com.au.

5.5.5.1. Code of Conduct

The Stapled Entities recognise the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has approved a formal code of conduct, to be followed by all Directors, as well as all other officers and employees, and all other persons that act on behalf of HomeCo.

The Code of Conduct is designed to provide a benchmark of professional behaviour throughout HomeCo, support HomeCo's business reputation and corporate image within the community and make Directors and employees aware of the consequences if they breach the policy.

5.5.5.2. Securities Trading Policy

HomeCo has adopted a written policy to take effect from listing for dealing in Securities which is intended to explain the prohibited type of conduct in relation to dealings in Securities under the Corporations Act and other laws applicable to HomeCo. The policy also seeks to establish a best practice procedure in relation to dealings in HomeCo's Securities by Directors, officers, employees and their families and associates.

The securities trading policy sets out the restrictions that apply to such dealings including the "prohibited periods", during which certain persons are generally not permitted to deal in HomeCo's Securities along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to such dealings outside those "prohibited periods".

5.5.5.3. Continuous disclosure policy

Once listed on the ASX, HomeCo will be required to comply with the continuous disclosure requirements of the Listing Rules, in addition to those disclosure requirements to which HomeCo is currently subjected to under applicable law. Subject to the exceptions contained in the Listing Rules, HomeCo will be required to disclose to the ASX any information concerning HomeCo which is not generally available and which a reasonable person would expect to have a material effect on the price or value of Securities.

HomeCo is committed to observing its continuous disclosure obligations and has adopted a continuous disclosure policy which establishes procedures that are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information.

5.5.5.4. Securityholder communication policy

HomeCo has adopted a securityholder communication policy which aims to ensure effective communication with its Securityholders. HomeCo aims to ensure that investors are provided with sufficient information to assess the performance of HomeCo and that they are informed of all major developments affecting the state of affairs of HomeCo in accordance with all applicable laws.

In particular, information will be communicated to Securityholders through the lodgement of all relevant information with ASX and publishing information on HomeCo's website at www.homeconsortium.com.au. HomeCo's website will contain information about it, including media releases, key policies and charters. All relevant financial and other information will be posted on HomeCo's website as soon as it has been released to ASX.

5.5.5.5. Diversity policy

HomeCo has adopted a diversity policy to take effect from listing, which sets out HomeCo's commitment to diversity and inclusion in the composition of the Board, senior executives and workforce generally. The diversity policy involves a framework to achieve HomeCo's diversity goals and commitment to creating a diverse work environment where everyone is treated fairly and with respect. The Board has the role of implementing the diversity policy and assessing progress in achieving its objectives, annually.

HomeCo's recruitment process is based on merit and does not tolerate discriminatory behaviour in its recruitment or people management process. As part of HomeCo's diversity policy, HomeCo encourages flexible work practices to assist employees to manage their personal and work commitments. This includes offering employees on extended parental leave the opportunity to maintain their connection with HomeCo by allowing such employees to receive all-staff communications and to attend work functions and training programs.

At the time of the Offer, the composition of the Board will not reflect gender diversity; however, the Board proposes to give consideration to diversity (among other factors) in future appointments to the Board.

5.5.5.6. Whistleblower policy

HomeCo has adopted a whistleblower policy, which encourages the reporting of suspected unethical, illegal, fraudulent, corrupt or dishonest conduct and that those who promptly report may do so with confidence and without fear of intimidation, ramifications or adverse consequences, complementing its Code of Conduct. Examples of reportable conduct under the whistleblower policy includes (but is not limited to):

- dishonest, corrupt, fraudulent or unlawful conduct or practices, including bribery;
- financial irregularities;
- unfair, dishonest or unethical dealings with a customer or third party; and
- unethical or serious improper conduct including breaches of any legal or regulatory obligations.

The whistleblower policy ensures protection over whistleblowers by allowing for anonymous reports to be made, protecting confidentiality of the whistleblowers and not tolerating any detriment caused or threatened to be caused against any person who has made or who is believed to have made a report regarding the reportable conduct.

5.5.5.7. Anti-corruption compliance policy

HomeCo has adopted an anti-corruption compliance policy to demonstrate its commitment to conducting its business and operations with honesty, integrity and the highest standards of personal and professional ethical behaviour, complementing HomeCo's Code of Conduct. All employees, officers, Directors and agents acting for, or representing HomeCo, in all their dealings including (but not limited to) interactions with customers, retailers, local authorities, government bodies, subcontractors or service providers must not either directly or indirectly:

- offer, promise, give, solicit or accept any bribe or facilitation payments;
- falsify any books, record or accounts relating to HomeCo;
- offer to provide gifts, hospitality or any other benefit to public officials without prior approval of the general counsel of HomeCo;
- make any political or charitable donations on behalf of HomeCo which are or could be perceived to be a bribe;
- engage with or deal with third parties or agents acting for or representing HomeCo such as giving secret commissions; and
- cause, authorise or wilfully ignore any conduct that is believed or suspected to be contrary to this policy or anti-corruption laws.

5.5.5.8. Delegation of authority policy

HomeCo has adopted a delegation of authority policy to clarify the respective roles and responsibilities of the Board, the Investment Committee and senior executives in order to facilitate Board and management accountability to both HomeCo and its stakeholders. The delegation of authority policy involves a framework to formalise the authority delegated by the Board to the Investment Committee and senior executives to:

- enable the Board to provide strategic guidance for HomeCo and effective oversight of management;
- clarify the respective roles and responsibilities of the Board, the Chief Executive Officer and the investment committee to facilitate accountability to both HomeCo and its Securityholders;
- ensure a balance of authority so that no single individual has unfettered powers; and
- provide a process of effective and efficient management of HomeCo.

5.5.5.9. Policy on non-audit services provided by the independent external auditors

In addition to the Audit and Risk Committee's responsibility to establishing policies regarding the independence of external auditors and ensuring compliance with the Audit and Risk Committee policies, HomeCo has also adopted a policy on non-audited services provided by the independent external auditors to provide guidance on the engagement of external auditors to supply non-audit services. To ensure auditor independence is maintained, all engagements of the external auditor to provide non-audit services must be approved in writing by the Finance and Strategy Director or the Audit and Risk Committee. The Finance and Strategy Director or Audit and Risk Committee is required to give consideration to the following factors when granting approval for a non-audit services request:

- the nature of the services provided;
- the dollar value and period of engagement;
- the availability of alternate service providers and the reasoning for recommending the external auditor;
- the audit firm's self-assessment of its independence risk; and
- any other circumstances relevant to the engagement.

5.5.5.10. Related Party Transactions Policy

HomeCo maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangement to manage conflicts of interest.

The key elements of the related party transactions policy include the following:

- all related party transactions must be immediately notified to the Audit and Risk Committee. The Audit and Risk Committee must then bring the related party transaction to the attention and consideration of the Board;
- the Board will consider the information provided in order to determine whether and how to proceed with the proposed transaction. In considering the information, the Board may seek further advice from appropriately qualified advisers and professionals required; and
- each related party transaction will be approved by Securityholders unless HomeCo determines that it falls within an appropriate Corporations Act exception, including where a transaction is on arm's length terms or terms that are more favourable to the business than arm's length terms.

Compliance with the policies and procedures set out in the related party transactions policy is monitored by the Audit and Risk Committee by, among other things, reviewing the conflicts of interest and related party records and registers.

Further, HomeCo is putting in place a transparent process for managing engagement with HIC Trustee as a 47% Securityholder of the Group.

6.
Financial Information

6. Financial Information

6.1. Introduction

HomeCo is a stapled group comprising Home Consortium Limited (HCL) and Home Consortium Developments Limited (HCDL) and their controlled entities. HCDL was incorporated on 29 August 2019 and has been established to undertake any activities of HomeCo that are different to those currently undertaken. HCDL had no activity up to the date of the Offer and no activities are expected to occur until after 30 June 2020. HCDL currently has no assets or liabilities. The statutory historical financial information presented in this Section 6 relates to HCL and its controlled entities. The pro forma historical financial information and the forecast financial information relates to HomeCo.

The financial information contained in this Section 6 has been prepared on a consolidated basis, for the financial year ended 30 June 2019 (**FY19**), together with the forecast financial information for the financial year ending 30 June 2020 (**FY20**).

Section 6 contains the statutory historical financial information of HCL and the pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of HomeCo as described below:

The statutory historical financial information of HCL comprises the following:

- Statutory historical consolidated statement of profit and loss for FY19;
- Statutory historical consolidated balance sheet as at 30 June 2019; and
- Statutory historical consolidated statement of cash flows for FY19,

(together, the **Statutory Historical Financial Information**).

The pro forma historical financial information of HomeCo comprises the Pro forma historical consolidated balance sheet as at 30 June 2019 (the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the **Historical Financial Information**.

The statutory forecast financial information of HomeCo comprises the Statutory forecast consolidated statement of profit and loss for FY20 (the **Statutory Forecast Financial Information**).

The pro forma forecast financial information of HomeCo comprises the following:

- Pro forma forecast consolidated statement of profit and loss for FY20; and
- Pro forma forecast consolidated funds from operations (**Pro forma forecast consolidated FFO**) for FY20,

(together, the **Pro Forma Forecast Financial Information**).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are together referred to as the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

The Financial Information, as defined above, has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Fundraising and/or Prospective Financial Information*, by Ernst & Young Transaction Advisory Services Limited whose Independent Limited Assurance Report is contained in Section 10. Investors should note the scope and limitations of the report.

Also summarised in this Section are:

- The basis of preparation and presentation of the Financial Information and explanation of certain non-IFRS financial measures (Section 6.2);
- A reconciliation of the statutory forecast consolidated net loss after tax to the pro forma forecast consolidated net profit after tax for FY20 (Section 6.3.2);
- Segment financial information, including the basis for each of HomeCo's reporting segments (Section 6.5);
- A description of the pro forma adjustments from the statutory historical consolidated balance sheet of HCL as at 30 June 2019 to the pro forma historical consolidated balance sheet of HomeCo as at 30 June 2019 (Section 6.6);
- Additional information describing the movement in HomeCo's adjusted net tangible assets, investment properties valuation and gearing for the period between 1 July 2019 and the assumed Completion of the Offer, 30 September 2019 (Section 6.7);

- Assumptions underlying the Forecast Financial Information (Section 6.9);
- Key sensitivities in respect of the Pro Forma Forecast Financial Information (Section 6.10);
- A description of HomeCo's significant accounting policies (Section 6.11);
- Management's discussion and analysis of the statutory historical consolidated statement of profit and loss for FY19 and the statutory consolidated historical statement of cash flows for FY19 (Section 6.12); and
- Commentary on the liquidity of, and the sources of capital available to HomeCo (Section 6.13);

See Section 2.6 for a summary of HomeCo's dividend policy and Section 13.1.3 for a summary of the key terms of the Debt Facility.

The information in Section 6 should be read in conjunction with the investment risks set out in Section 8, the sensitivity analysis set out in Section 6.10 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest $1,000. Rounding of figures provided in the financial information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

6.2. Basis of preparation and presentation of financial information

6.2.1. Overview

The Financial Information included in this Prospectus is intended to provide potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position, together with the Forecast Financial Information.

The directors of HCL and HCDL (the "Directors") are responsible for the preparation and presentation of the Financial Information.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflects the impact of certain transactions as if they occurred as at 30 June 2019.

The pro forma forecast consolidated statement of profit and loss for FY20 has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments that have been prepared in a manner consistent with AAS that reflects: (i) the exclusion of certain transactions that are forecast to occur in the period; and (ii) the impact of certain transactions as if they occurred on or after 1 July 2019.

The Pro forma forecast consolidated FFO for FY20 represents the pro forma forecast consolidated net profit after tax adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, movement in AASB 16 leasehold liabilities and the income tax expense with reference to the best practice guidelines published by the Property Council of Australia (**PCA**) in May 2019.

Due to their nature, the Pro Forma Historical Financial Information does not represent HomeCo's actual or prospective financial position and the Pro Forma Forecast Financial Information does not represent HomeCo's actual or prospective financial performance or Pro forma forecast consolidated FFO.

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, presentation, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Section 6.11.

6.2.2. Preparation of Statutory Historical Financial Information

The Statutory Historical Financial Information of HCL for FY19 has been derived from its consolidated general purpose financial statements which were audited by PricewaterhouseCoopers ("**PwC**") in accordance with Australian Auditing Standards. PwC issued an unqualified audit opinion, which contained a material uncertainty related to going concern on these consolidated financial statements.

The Statutory Historical Financial Information reflects the early adoption of AASB 16 Leases by HCL from 1 July 2018. The consolidated general purpose financial statements of HCL for FY19 have been lodged with ASIC and are available at www.asic.gov.au.

Due to the impact of significant corporate and property restructuring that has occurred which together constitute a major change to HCL's business, the Directors believe the audited statutory general purpose financial statements of HCL for the years prior to FY19 are not representative of HCL following Completion of the Offer. On this basis, the statutory historical financial information for the years prior to FY19 has not been included in this Prospectus as the Directors believe that the provision of earlier financial information would not be meaningful to potential investors.

Investors should be aware that past performance information included in this Section 6 is not necessarily a guide to future performance.

6.2.3. Preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information comprises the pro forma historical consolidated balance sheet of HomeCo as at 30 June 2019 which has been prepared solely for inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the statutory historical consolidated balance sheet of HCL as at 30 June 2019, after adjusting for:

- The issue of Convertible Notes;
- The impact of Leasehold Acquisitions as if they had been acquired as at 30 June 2019 on the basis that the properties will be acquired using proceeds of the Offer; and
- The impact of the Offer and new Debt Facility.

These adjustments have been detailed in Section 6.6.

The pro forma historical consolidated statement of profit and loss and pro forma historical consolidated statement of cash flows for FY19 have not been included in this Prospectus as the Directors believe that the provision of this financial information would not be relevant and meaningful to potential investors.

6.2.4. Going concern

The Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2019 HCL's statutory historical current liabilities exceeded current assets by $304.2 million due to the inclusion of borrowings of $332.9 million in current liabilities which are due in April 2020. HCL has entered into a new facility agreement with a syndicate of lenders (the new Debt Facility) that will be used to refinance the existing facilities expiring in April 2020 and July 2020. The provision of commitments and participation in the initial drawdown of the new Debt Facility by the lenders will be subject to the satisfaction of, among a number of other conditions, the closing of the Offer and confirmation that HomeCo is listed and quoted on the ASX.

In assessing HomeCo's ability to continue as a going concern, the Directors have considered relevant facts including:

- Issuance of $25.0 million of Convertible Notes to certain Foundation Securityholders (or their nominees) to support short term funding needs. The Convertible Notes are interest-free, fully subordinated to existing Senior and Mezzanine facilities and the Woolworths Security, and convert to ordinary Securities in HomeCo at the Offer Price at Completion of the Offer;
- Although contingent on admission to the ASX, after the Offer the net current asset position will increase by $420.0 million;
- Following the Offer, HomeCo will have pro forma historical net assets of $758.7 million as at 30 June 2019 as disclosed in the pro forma historical consolidated balance sheet; and
- In the event that HomeCo does not complete the Offer or the new Debt Facility is not in place, the Directors believe that HomeCo will be successful in arranging an alternative finance facility to replace the existing facilities that expire in April 2020 and July 2020.

The Directors believe that HomeCo will be able to meet its commitments for a period of at least 12 months from the Offer and have determined that HomeCo will have sufficient cash after the Offer to meet its ongoing obligations and stated business objectives. On this basis, the Directors believe the going concern assumption is appropriate.

6.2.5. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions and on a number of best estimate assumptions, including the general assumptions and the specific assumptions set out in Section 6.9.

The Directors have prepared the Forecast Financial Information with due care and attention. They consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on HomeCo's actual financial performance or Pro forma forecast consolidated FFO. Investors are advised to review the assumptions set out in Section 6.9 in conjunction with the sensitivity analysis set out in Section 6.10, the risk factors set out in Section 8 and other information set out in this Prospectus.

The Forecast Financial Information has been presented on a statutory and pro forma basis. The Statutory Forecast Financial Information assumes Completion of the Offer will occur on 30 September 2019.

The pro forma forecast consolidated statement of profit and loss for FY20 has been derived from the statutory forecast consolidated statement of profit and loss for FY20 after pro forma adjustments to:

- Reflect the impact of the Offer including proceeds raised and the capital and debt structure in place following the Offer, as though Completion of the Offer had taken place on 30 June 2019;
- Reflect the impact of the Leasehold Acquisitions that will take place as part of Offer, as though the Leasehold Acquisitions had taken place on 30 June 2019;
- Reflect the incremental costs of being a publicly listed entity; and
- Reverse the impact of one-off transaction costs relating to the Offer.

See Section 6.3.2 for further details of the adjustments.

The Pro forma forecast consolidated FFO for FY20 has been derived by adjusting the net profit after tax, from the pro forma forecast consolidated statement of profit and loss for FY20, for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised establishment fees, movement in AASB 16 leasehold liabilities and the income tax expense. The Pro forma forecast consolidated FFO for FY20 has been determined with reference to best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

The Directors have no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Due to significant uncertainties associated with forecasting the timing of the capital expenditure for the 9 assets in the Development Portfolio which are due to be repurposed and opened following Completion of the Offer, the Directors believe they do not have a reasonable basis for best-estimate assumptions for a forecast consolidated statement of cash flows for FY20. On this basis, the forecast consolidated statement of cash flows for FY20 has not been included in this Prospectus.

6.2.6. Segment reporting

In accordance with AASB 8 Operating Segments, HomeCo's results are reported in two segments:

- Freehold Properties: financial results of HomeCo excluding the financial results of the Leasehold Properties. This includes the financial results from the ownership and operation of HomeCo's Portfolio of 30 Freehold Properties[140], corporate and borrowing costs. At Completion of the Offer, this will include 19 operating centres, 2 centres currently under development and forecast to open by December 2019 and 9 centres in the Development Portfolio. See Section 3 for more details on the Freehold Properties; and
- Leasehold Properties: financial results from the operations of HomeCo's Leasehold Properties. This is in the form of rental and other capital and operating expenditure payments, owing to owners of the Leasehold Properties for the remaining term of those leases. These lease liabilities are reduced to the extent that the Leasehold Properties receive rental income from

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[140] *Including the three Leasehold Acquisitions as part of the Offer.*

sub-leases. The net cash outflow from the Leasehold Properties will be funded via cash from the Lease Mitigation Account. On Completion of the Offer, the Leasehold Properties will include 11 assets.[141] See Section 7.1 and 7.4.1 for more details on the Leasehold Properties and Lease Mitigation Account.

For more information about the reporting segments, please refer to Section 6.5.

6.2.7. Non-IFRS financial measures

HomeCo uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities.

These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although the Directors believe these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, HomeCo uses the following non-IFRS financial measures:

- FFO, which has been determined with reference to best practice guidelines published by the Property Council of Australia in May 2019 (refer to Section 6.2.5) and represents net profit after tax adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, movement in AASB 16 leasehold liabilities and the income tax expense. FFO has been disclosed as:
  - Pro forma forecast consolidated FFO: reflects the consolidated HomeCo group FFO incorporating the results from the Freehold Properties and Leasehold Properties. Pro forma forecast consolidated FFO for FY20 is an outflow of funds; and
  - Pro forma forecast freehold FFO: reflects the Pro forma consolidated FFO of HomeCo excluding the FFO associated with the Leasehold Properties which is to be funded by the Lease Mitigation Account in accordance with the Lease Mitigation Deed;

  Pro forma forecast freehold FFO is used by the Board to make strategic decisions and as an input to assessing an appropriate dividend to declare.
- EBITDA: earnings (or losses) before net finance costs, income tax expense or benefit, depreciation, amortisation, net fair value increment or decrement of investment properties and other gains;
- Dividend yield: represents the rate of return derived by dividing the annualised dividend per Security by the Offer Price;
- NTA: net tangible assets, represents HomeCo's consolidated net tangible assets;
- Adjusted NTA: net tangible assets adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Loans to related parties, (iii) Investment properties – Leasehold (recognised under AASB 16), (iv) Leasehold liabilities (recognised under AASB 16), (v) Provisions and (vi) Deferred tax assets;

  Adjusted NTA is used by the Board to make strategic decisions and as an input to assessing incoming securityholder returns.
- NTA per Security: represents NTA divided by the number of Securities on issue;
- Adjusted NTA per Security: represents Adjusted NTA divided by the number of Securities on issue; and
- Gearing (%): Borrowings (excluding unamortised establishment costs) less Cash and cash equivalents divided by Total assets less Cash and cash equivalents, Lease Mitigation Account, Loans to related parties, Investment properties – Leasehold and Deferred tax assets.

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[141] The 11 assets include one asset for which the lease is expected to be surrendered shortly after the Offer.

6.3. Statement of profit and loss

This Section 6.3 contains HCL's statutory historical consolidated statement of profit and loss for FY19, HomeCo's statutory forecast consolidated statement of profit and loss for FY20, HomeCo's pro forma forecast consolidated statement of profit and loss for FY20 and the reconciliation of the statutory forecast consolidated net loss after tax to the pro forma forecast consolidated net profit after tax for FY20.

6.3.1. Historical and forecast consolidated statements of profit and loss

Table 1 sets out HCL's statutory historical consolidated statement of profit and loss for FY19, HomeCo's statutory forecast consolidated statement of profit and loss for FY20 and HomeCo's pro forma forecast consolidated statement of profit and loss for FY20.

Table 1: Historical and forecast consolidated statements of profit and loss

A$ 000s	FY19 Statutory Historical	FY20 Statutory Forecast	FY20 Pro forma Forecast
Property income[1]	47,884	68,230	68,230
Straight lining of rental income and amortisation of lease incentives	1,362	571	571
Other income[2]	–	935	935
Total revenue	**49,246**	**69,736**	**69,736**
Direct property expenses and outgoings[3]	(30,505)	(28,630)	(28,630)
Acquisition and transaction costs[4]	–	(15,265)	–
Corporate expenses	(7,876)	(8,723)	(9,117)
Total expenses	**(38,381)**	**(52,617)**	**(37,747)**
EBITDA	**10,865**	**17,119**	**31,989**
Finance costs - net[5]	(45,930)	(36,517)	(26,813)
Net fair value increment/(decrement) of investment properties[6]	5,031	–	–
Other gains[7]	153	–	–
Net (loss)/profit before tax	**(29,881)**	**(19,398)**	**5,177**
Income tax (expense)/benefit[8]	7,298	3,535	(1,553)
Net (loss)/profit after tax	**(22,583)**	**(15,863)**	**3,624**

Note:

1. *Excludes straight-lining of rental income and amortisation of lease incentives.*
2. *Other income includes costs which are directly recoverable from tenants under the leases.*
3. *The lower direct property expenses and outgoings forecast in FY20 compared to FY19 is due to a number of non-recurring expenses incurred in FY19.*
4. *FY20 statutory forecast includes the share of Offer transaction costs that have been expensed. Pro forma forecast adjusts for these one-off costs relating to the Offer.*
5. *FY20 statutory forecast includes $21.5 million ($27.7 million FY19) net interest expense relating to borrowings (including the interest expense on the existing facilities up to 30 September 2019, interest expense on the new Debt Facility from 1 October 2019 to 30 June 2020, amortisation of debt establishment fees and the write-off of capitalised establishment fees relating to the existing facilities) and $15.0 million ($18.7 million FY19) of interest cost associated with the Leasehold Properties under AASB 16.*
6. *The Forecast Financial Information assumes there will be no underlying movements in the fair value of investment properties or other financial assets including any mark-to-market movements, no realised gains or losses from the sale of investment properties or no gains or losses on property acquisition as the Directors do not believe such movements, gains or losses can be reliably forecast as at the date of this Prospectus.*
7. *Other gains in FY19 relates to a realised gain from sale of investment properties.*
8. *30% corporate tax rate, which is the Australia Corporate tax rate, adjusted for certain costs which are non-deductible. A forecast income tax benefit in the FY20 statutory forecast implies an increase to the deferred tax asset. This assumes it to be probable that taxable profit will be available in the future against which the asset can be utilised.*

6.3.2. Pro forma adjustments between the statutory forecast consolidated net loss after tax and the pro forma forecast consolidated net profit after tax for FY20

Table 2 sets out the reconciliation of the statutory forecast consolidated net loss after tax to the pro forma forecast consolidated net profit after tax for FY20.

Table 2: Reconciliation of the statutory forecast consolidated net loss after tax to the pro forma forecast consolidated net profit after tax for FY20

A$ 000s	Note	FY20 Forecast
Statutory net loss after tax		**(15,863)**
Transaction costs relating to the Offer	A	15,265
Public company costs	B	(395)
Finance costs – net	C	8,324
Leasehold Acquisitions net interest expense	D	1,381
Tax effect of pro forma adjustments	E	(5,088)
Pro forma net profit after tax		**3,624**

Note:

A. *Transaction costs relating to the Offer: The pro forma forecast consolidated net profit after tax for FY20 excludes the transaction costs relating to the Offer. Of the total expected transaction costs of $38.0 million, the adjustment of $15.3 million reflects the portion of transaction costs that are forecast to be expensed in the statutory forecast consolidated statement of profit and loss for FY20.*

B. *Public company costs: Management has estimated the incremental costs HomeCo will incur as a publicly-listed company. These costs include additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs. The statutory forecast consolidated profit and loss for FY20 includes the estimated annual costs of being a publicly-listed company from the Completion of the Offer and the adjustment to the pro forma forecast consolidated profit and loss for FY20 represents the incremental costs of being listed from 1 July 2019.*

C. *Finance costs – net: The pro forma forecast consolidated net profit after tax for FY20 reflects the capital and debt structure of HomeCo on Completion of the Offer, assuming an Offer date of 1 July 2019. The net interest expense adjustment removes the pre-Offer net interest expense and replaces it with the interest expense for the capital and debt structure expected to be in place on Completion of the Offer. The net interest expense adjustment also includes the addition of the amortisation of debt establishment fees under the new Debt Facility for the period from 1 July 2019 to Completion of the Offer. In addition, an adjustment has been made to remove the impact of the write-off of unamortised borrowing costs in the statutory forecast consolidated statement of profit and loss for FY20 relating to the historical debt structure of HCL.*

D. *Leasehold Acquisitions net interest expense: The pro forma forecast consolidated net profit after tax for FY20 reflects the impact of the Leasehold Acquisitions which take place as part of the Offer, as though the Leasehold Acquisitions had taken place on 1 July 2019. The adjustment of $1.4 million removes the Leasehold Acquisitions interest expense (recorded under AASB 16 Leases) for the period from 1 July 2019 to the date of acquisition for each property. This adjustment does not change the rental income profile of the Leasehold Acquisitions.*

E. *Tax effect of pro forma adjustments: The income tax effect of the pro forma adjustments, applying a forecast tax rate of 30%, which is the Australian corporate tax rate, adjusted for certain costs which are non-deductible.*

6.4. Pro forma forecast consolidated FFO

This Section 6.4 contains a reconciliation from the pro forma forecast consolidated net profit after tax to Pro forma forecast consolidated FFO for FY20 and a reconciliation from Pro forma forecast consolidated FFO to Pro forma forecast freehold FFO for FY20.

6.4.1. Pro forma forecast consolidated FFO

Table 3 provides a reconciliation from the pro forma forecast consolidated net profit after tax to Pro forma forecast consolidated FFO for FY20.

Table: 3: Reconciliation of pro forma forecast consolidated net profit after tax to Pro forma forecast consolidated FFO

A$ 000s	FY20 Pro forma forecast
Net profit after tax	**3,624**
Adjustments:	
Straight lining of rental income and amortisation of lease incentives	(571)
Amortisation of capitalised debt establishment fees	2,000
Movement in leasehold liability[1]	(11,040)
Income tax expense[2]	1,553
Consolidated FFO	**(4,435)**

Note:

1. *The movement in the leasehold liability position will reflect any interest charges ($13.7 million) offset by the principal repayments under the lease ($24.7 million) for the Leasehold Properties.*
2. *Non-cash tax expense removed on the basis that carried forward tax losses are forecast to be utilised.*

6.4.2. Reconciliation from Pro forma forecast consolidated FFO to Pro forma forecast freehold FFO

Table 4 provides a reconciliation from Pro forma forecast consolidated FFO to Pro forma forecast freehold FFO for FY20.

Pro forma forecast freehold FFO reflects the FFO of HomeCo excluding the FFO associated with the Leasehold Properties which is to be funded by the Lease Mitigation Account.

HCL, HIC Trustee, LeaseCo and MitigationCo have entered into a Lease Mitigation Deed in connection with the lease mitigation strategy, the intention of which is to mitigate the exposure of new Securityholders to the Woolworths Guaranteed Leases. As part of the Lease Mitigation Deed, a Lease Mitigation Account will be established with an Initial Deposit of $60.0 million paid into the Lease Mitigation Account on Completion of the Offer, funded from proceeds of the Offer. As part of the arrangements, the Foundation Securityholders of HCL have agreed to indemnify HCL for any leasehold mitigation costs exceeding $60.0 million, if required, and to top up the Lease Mitigation Account to ensure HCL is able to meet its leasehold liabilities. See section 7.4 for details on the Lease Mitigation Deed, valuation of Leasehold Liabilities and operation of the Lease Mitigation Account.

Dividends equivalent to an annualised 6.0% yield on the Offer Price are forecast for FY20.

Table: 4: Reconciliation of Pro forma forecast consolidated FFO to Pro forma forecast freehold FFO after reimbursement from the Lease Mitigation Account and key metrics

A$ 000s	FY20 Pro forma forecast
Consolidated FFO	**(4,435)**
Adjustments:	
FFO funded by the LMA[1]	19,610
Freehold FFO	**15,175**

Key metrics	
Dividend[2] (A$ 000s)	29,820
Securities on issue (# million)[3]	198
Dividend per Security ($)	0.15
Dividend yield (annualised)[4]	6.0%

Note:

1. *FFO associated with the Leasehold Properties which is to be funded by the Lease Mitigation Account.*
2. *Forecast to be paid from HomeCo's Profits Reserve and any profit generated for the nine months from Completion of the Offer to 30 June 2020. The Directors expect the Dividend forecast in FY20 to be fully franked.*
3. *The number of Securities expected to be on issue from Completion of the Offer on the assumption that the total Offer size is $325.0 million and the Offer Price is $3.35 per Security and the Convertible Notes are converted into ordinary Securities at the Offer Price.*
4. *The annualised yield is calculated by grossing up the yield from Completion of the Offer to 30 June 2020.*

6.5. Segment financial reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

In accordance with AASB 8 Operating Segments, HomeCo's pro forma forecast operating segment results are reported in the table below. These operating segments are consistent with the operating segments presented in the FY19 consolidated general purpose financial statements.

The pro forma forecast operating segment results incorporate an inter-segment transaction of $150,000 per annum per Leasehold Property (Leasehold Centre Management Fee, see Section 7.4.5 for more details) payable by the Leasehold entities (funded via the Lease Mitigation Account) to the Freehold entities.

Table 5: Segment financial reporting

	FY20 Pro forma forecast		
A$ 000s	Freehold Properties	Leasehold Properties	Consolidated
Property income	57,439	10,791	68,230
Straight lining of rental income and amortisation of lease incentives	517	54	571
Other income	807	128	935
Total revenue	**58,763**	**10,973**	**69,736**
Direct property expenses and outgoings	(24,292)	(4,337)	(28,630)
Corporate expenses[1]	(7,617)	(1,500)	(9,117)
Total expenses	**(31,910)**	**(5,837)**	**(37,747)**
EBITDA	**26,854**	**5,136**	**31,989**
Finance costs – net[2]	(13,161)	(13,651)	(26,813)
Net (loss)/profit before tax	**13,693**	**(8,516)**	**5,177**
Income tax (expense)/benefit[3]	(4,108)	2,555	(1,553)
Net (loss)/profit after tax	**9,585**	**(5,961)**	**3,624**

Note:

1. *Corporate expenses – Leasehold Properties: represents the $150,000 per annum per Leasehold Property (Leasehold Centre Management Fee, see Section 7.4.5 for more details) payable by the Leasehold entities (funded via the Lease Mitigation Account) to the Freehold entities. This payment is netted off the corporate expenses for the Freehold Properties and is eliminated from the consolidated financial information. The forecast assumes a management fee for 10 assets as the lease for one asset is expected to be surrendered shortly after the Offer.*
2. *Net Interest expense – Leasehold Properties: includes finance costs associated with the lease liabilities under AASB 16 Leases. Net Interest expense – Freehold Properties comprises $13.2 million of net interest costs from the new Debt Facility, including $2.0 million relating to the amortisation of capitalised debt establishment fees.*
3. *30% corporate tax rate.*

6.6. Statutory and pro forma historical consolidated balance sheet

6.6.1. Statutory and pro forma historical consolidated balance sheet

Table 6 presents the pro forma adjustments that have been made to the statutory historical consolidated balance sheet of HCL as at 30 June 2019 to present a pro forma consolidated balance sheet for HomeCo as at 30 June 2019.

The pro forma adjustments reflect the impact of the Offer, including proceeds raised from the Convertible Notes which convert to ordinary Securities in HomeCo at the Offer Price at Completion of the Offer, the proceeds raised from the Offer, costs incurred in relation to the Offer and the refinancing of existing bank debt, and the Leasehold Acquisitions as if they had occurred as at 30 June 2019.

Table 6: Statutory and pro forma historical consolidated balance sheet as at 30 June 2019

A$ 000s	HCL statutory historical balance sheet as at 30 June 2019	Issue of Convertible Notes (A)	Impact of Leasehold Acquisitions (B)	Impact of the Offer (C)	HomeCo pro forma historical balance sheet as at 30 June 2019
Cash and cash equivalents	36,288	25,000	(25,000)	24,054	60,342
Lease mitigation account	–	–	–	60,000	60,000
Assets classified as held for sale[1]	11,639	–	–	–	11,639
Trade and other receivables[2]	23,628	–	–	–	23,628
Current assets	**71,555**	**25,000**	**(25,000)**	**84,054**	**155,609**
Investment properties – Freehold	771,049	–	133,700	–	904,749
Investment properties – Leasehold	129,911	–	(41,352)	–	88,559
Deferred tax assets	135,575	–	–	8,645	144,220
Non-current assets	**1,036,535**	**–**	**92,348**	**8,645**	**1,137,528**
Total assets	**1,108,090**	**25,000**	**67,348**	**92,699**	**1,293,138**
Trade and other payables	28,105	–	–	–	28,105
Borrowings	332,866	25,000	–	(357,866)	–
Employee benefit obligations	630	–	–	–	630
Lease liabilities	14,183	–	(3,119)	–	11,064
Current liabilities	**375,784**	**25,000**	**(3,119)**	**(357,866)**	**39,799**
Borrowings[3]	78,397	–	119,866	120,737	319,000
Provisions	3,410	–	–	–	3,410
Lease liabilities	226,545	–	(54,267)	–	172,278
Non-current liabilities	**308,352**	**–**	**65,599**	**120,737**	**494,688**
Total liabilities	**684,136**	**25,000**	**62,480**	**(237,129)**	**534,487**
Net assets	**423,954**	**–**	**4,869**	**329,828**	**758,651**
Contributed equity	3,291,155	–	–	338,264	3,629,419
Profits reserves	486,659	–	–	–	486,659
Accumulated losses	(3,353,860)	–	4,869	(8,435)	(3,357,427)
Total Equity	**423,954**	**–**	**4,869**	**329,828**	**758,651**

Table 7: Metrics

Securities on issue (millions)	93.3			104.5	197.8
NTA per Security (A$)					3.84
Adjusted NTA per Security (A$)[4]					3.20
Gearing (%)[5]					28.8%

Note:

1. *HCL has signed a conditional agreement prior to 30 June 2019 to sell part of a block of land at Roxburgh Park VIC to a third party subject to the satisfaction of certain conditions precedent. Therefore this asset is classified as held for sale as at 30 June 2019. The fair value of this asset is equal to the contracted sale value of $11.6 million.*
2. *Includes $20.1 million related party loan to HICT.*
3. *Borrowings of $325.0 million of drawn debt under the Debt Facility net of unamortised establishment costs of $6.0 million upon Completion of the Offer.*
4. *The adjusted NTA per Security is calculated by adjusting the NTA to specifically exclude the following balances: Lease Mitigation Account, Loans to related parties (recorded within Trade and other receivables), Investment properties – Leasehold, Provisions, Deferred tax assets and Lease liabilities and then dividing by the Securities on issue.*
5. *Gearing is defined as Borrowings (excluding unamortised establishment costs) less Cash and cash equivalents divided by total assets excluding Cash and cash equivalents, Lease Mitigation Account, Loans to related parties, Investment properties – Leasehold and Deferred tax assets.*

The pro forma historical consolidated balance sheet of HomeCo as at 30 June 2019 is based on the following assumptions:

Pro forma adjustments to reflect the Convertible Notes, impact of the Offer and new Debt Facility and Leasehold Acquisitions:

(A) Issue of Convertible Notes: Represents Convertible Notes issued to certain Foundation Securityholders (or their nominees). The notes will convert to Securities in the Stapled Entities at Completion of the Offer at the price applicable under the Offer (assumed as $3.35).

(B) Impact of Leasehold Acquisitions: Represents the acquisition of 3 leasehold properties, Hawthorn East, Upper Coomera and Coffs Harbour as if the acquisitions had settled at 30 June 2019.

- The acquisitions have been recorded on the pro forma historical consolidated balance sheet at estimated fair value of $133.7 million;
- Total acquisition cost of $144.9 million comprising the acquisition price ($137.3 million) plus stamp duty ($7.6 million) which is funded by $119.9 million of debt and $25.0 million of cash; and
- The AASB 16 lease liability ($57.4 million) and investment properties – leasehold asset ($41.4 million) at 30 June 2019 relating to the leases held have been removed.

(C) Impact of the Offer and new Debt Facility:

- An equity raising of $325.0 million less transaction costs associated with the Offer of $16.8 million ($11.7 million net of tax) that are attributable to the issue of Securities offset against the equity raised;
- The conversion of $25.0 million of Convertible Notes into ordinary Securities at the Offer Price;
- $415.7 million repayment of the existing debt facilities (Borrowings include $4.4 million of capitalised debt establishment fees, $3.1 million net of tax) which is partially funded from the Offer proceeds and $325.0 million drawdown of the new Debt Facility (which includes $6.0 million of debt establishment fees which are capitalised into borrowings);
- $24.1 million of net cash received from the Offer;
- $60.0 million Initial Deposit to the Lease Mitigation Account;
- $7.7 million ($5.4 million net of tax) of transaction costs associated with the Offer which are expensed; and
- $8.6 million Deferred tax asset recognised due to the impact of the Offer.

6.6.2. Reconciliation from NTA to Adjusted NTA

Table 8 presents the reconciliation from NTA to Adjusted NTA per the pro forma consolidated balance sheet as at 30 June 2019.

Table 8: Reconciliation from NTA to Adjusted NTA

	Consolidated pro forma as at 30 June 2019	
	A$ 000s	A$ per Security
NTA	**758,651**	**3.84**
Lease Mitigation Account	(60,000)	(0.30)
Investment properties – Leasehold	(88,559)	(0.45)
Deferred tax assets	(144,220)	(0.73)
Related party loans	(20,145)	(0.10)
Provisions	3,410	0.02
Lease liabilities	183,342	0.93
Adjusted NTA	**632,478**	**3.20**

6.7. Additional information

6.7.1. Movement in Adjusted NTA per Security

Between 1 July 2019 and Completion of the Offer, HomeCo has forecast to spend approximately $8.6 million of cash relating to the Leasehold related outgoings which after Completion of the Offer, would be funded from the Lease Mitigation Account. Over the same period, the Freehold Properties are expected to generate $1.8 million of net loss before tax. The combined effect is expected to reduce Adjusted NTA per Security per the pro forma historical consolidated balance sheet as at 30 June 2019 from $3.20 per Security to $3.14 per Security at Completion of the Offer.

6.7.2. Movement in Investment Properties – Freehold

As at 30 June 2019, HCL's freehold investment properties were valued at $771.0 million based on a Directors' valuation. For the period between 1 July 2019 and the assumed Completion of the Offer, HomeCo has forecast capital expenditure of approximately $20.7 million on the freehold investment properties which has been incorporated into the 30 September 2019 independent valuations prepared by JLL. As at 30 September 2019, HomeCo's freehold investment properties are expected to have a fair value of $791.7 million comprising of JLL's independent valuation of $786.2 million,[142] capitalised planning and signage and property, plant & equipment (PP&E) costs of $5.5 million. See Section 11 for a summary of the JLL independent valuation.

Including the impact of the Leasehold Acquisitions and capital expenditure on the Leasehold Acquisitions between 30 June 2019 and Completion ($5.1 million), HomeCo's freehold portfolio is expected to have a fair value of $925.0 million at 30 September 2019. The freehold investment properties fair value is expected to be $930.5 million including $5.5 million of capitalised planning, signage and PP&E costs.

6.7.3. Movement in gearing

The combined effect of all the movements discussed in Section 6.7.1 and 6.7.2 above is an expected increase in gearing from 28.8% per the pro forma historical consolidated balance sheet as at 30 June 2019 to 31.8% at Completion of the Offer.

6.8. Statutory historical consolidated statement of cash flows for FY19

Table 9 sets out HCL's statutory historical consolidated statement of cash flows for FY19.

Table 9: Statutory historical consolidated statement of cash flows for FY19

A$ 000s	FY19 HCL Statutory historical
Cash flows from operating activities	
Receipts from vendors and tenants (inclusive of GST)	35,922
Payments to suppliers and employees (inclusive of GST)	(42,769)
Interest received	485
Finance costs paid	(25,426)
Net cash (outflow) from operating activities	**(31,788)**
Cash flows from investing activities	
Payments for repurposing of investment properties	(103,899)
Proceeds from sale of investment properties	41,771
Changes to restricted cash	725
Net cash (outflow) from investing activities	**(61,403)**
Cash flows from financing activities	
Principal elements of lease payments	(28,809)
Loans to/from related parties	(9,354)
Proceeds from borrowings	138,866
Net cash inflow from financing activities	**100,703**
Net increase/(decrease) in cash and cash equivalents	**7,512**

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[142] Comprises independent valuations of $790.3 million less $4.1m relating to Roxburgh Park land which has been recorded as an asset held for sale.

6.9. Forecast assumptions

The Directors' best estimate assumptions relating to the preparation of the Forecast Financial Information are set out below.

6.9.1. General assumptions

The key best estimate general assumptions during the FY20 forecast period include:

- all tenant leases and leases entered into by HomeCo are enforceable and are performed in accordance with their terms;
- an average CPI rate of 2.5% p.a.;
- no material acquisitions or disposals of investment properties, other than the Leasehold Acquisitions which are being acquired as part of the Offer, as described in Section 13.2;
- no change in HomeCo's key personnel, especially the senior management team;
- no material disputes or litigation, beyond what is disclosed in Section 14.12;
- no material change in economic environment;
- no material change in competitive environment in which HomeCo operates;
- no material change in credit markets;
- no material changes to HomeCo's corporate or funding structure other than as set out in, or contemplated in, this Prospectus;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside HomeCo's control;
- no significant change to the legislative regime and regulatory environment in the jurisdictions in which HomeCo operates;
- no significant amendment to any material contract relating to HomeCo's business;
- consistent application of the key accounting policies;
- no material changes in applicable AAS, other mandatory professional reporting requirements or the Corporations Act which have a material effect on HomeCo's financial performance, financial position, accounting policies, financial reporting or disclosure during the period;
- no material changes to the Australian tax legislation;
- HomeCo will be registered for GST and the amounts presented in the Financial Information are net of GST to the extent that it is expected to be recovered by HomeCo;
- the Offer proceeds in accordance with the timetable set out in this Prospectus;
- no underlying movement or revaluation of the fair value of the investment properties or other financial assets. This includes any mark-to-market movements in relation to the interest rate swaps put in place for the debt, as the Directors do not believe such movements can be reliably estimated; and
- no realised gains or losses from the sale of investment properties or gains or losses from the derecognition of Investment Property – Leasehold or Lease liabilities under AASB 16 Leases on acquisition of leasehold properties, as the Directors do not believe such gains or losses can be reliably estimated.

6.9.2. Specific assumptions

The key best estimate specific assumptions include:

Rental income

- rental income comprises the majority of the group's revenue and is generated through operating leases. Rental income includes outgoing recoveries;
- rental income has been forecast on a property-by-property basis and is based on the contractual terms of each existing signed lease, signed MoUs and issued MoUs; and

- rental receipts are assumed to increase according to the relevant underlying leases. The Portfolio has fixed, CPI and supermarket turnover[143] based rental reviews.

Straight-line lease adjustment to rental income

- in accordance with AAS, a straight-line lease adjustment is provided in relation to future fixed rental increases to ensure rental income is recognised on a straight-line basis over the term of the lease.

Re-letting and vacancy

- letting up periods have been forecast property-by-property based on the Directors' assessment of each tenancy having regard to current discussions and enquiry with both existing and prospective tenants. All vacant space not under a signed or issued MoU is not assumed to be let up in the FY20 forecast period;
- retention rates for existing tenants have been forecast on a property-by-property basis based on the Directors' assessment of each existing tenancy having regard to current discussions and enquiry with existing tenants;
- lease incentives have been forecast on a tenant basis with reference to signed lease agreements or signed or issued MoUs. Lease incentives are assumed to be taken up in the form of rent free period or cash incentives over the term of each respective lease; and
- leasing costs (commissions) have been assumed on the let up of each individual lease. Leasing costs are capitalised within investment properties.

Lease incentives

- in accordance with AAS, lease incentives are capitalised and amortised on a straight-line basis over the term of the lease.

Property outgoings

- outgoings have been forecast on a property-by-property basis having regard to current outgoings and in accordance with the provisions of each existing lease agreement. Outgoings, exclusive of non-recurring or one-off items, are forecast to increase in line with known increases to statutory rates and taxes, as agreed in existing service contracts, or by CPI;
- outgoings include land tax, council rates, building insurance, water rates, cleaning, security, pest control, gardening and repairs and maintenance; and
- subject to the provisions of each existing lease agreement, a portion of the total property outgoings or percentage increase in property outgoings are recoverable by HomeCo from tenants and recognised as part of rental income on a property-by-property basis.

Other income

- includes costs which are assumed to be directly recoverable from tenants in accordance with their underlying lease (including heating, ventilation and air conditioning and security costs).

Corporate expenses

- corporate expenses include Directors' fees, staff salaries and incentives audit fees, legal fees, valuation fees, share registry fees, ASX listing fees, tax and compliance fees, insurance, IT costs and other costs which management expects to incur. These other expenses have been forecast based on relevant agreements and quotes from external parties where possible, or in reference to prior year expenditure; and
- corporate expenses are assumed to increase in-line with CPI.

Net interest expense related to borrowings

- borrowings under the new Debt Facility are forecast to incur an average interest rate of 2.8% per annum inclusive of margins and forecast hedging arrangements as described in Section 13.1.3;
- the Debt Facility will incur an undrawn commitment fee of 40% of margin;
- hedging instruments (such as interest rate swaps) are intended to be used to hedge against the risk of increases in interest rates;

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[143] No supermarket turnover rent is assumed in FY20.

- additional debt drawdowns for development capital expenditure will also incur an average interest rate of 2.8% per annum;
- establishment fees under the Debt Facility of $6.0 million have been capitalised against the debt balance and will be amortised on a straight-line basis over the term of the Debt Facility; and
- interest income of 0% per annum on any cash balances.

Tax

- HomeCo is a company for Australian tax purposes and is subject to income tax; and
- as at 30 June 2019, HCL has $40.9 million available franking credits for subsequent reporting periods based on a tax rate of 30%.

Transaction costs

- transaction costs include stamp duty, ASX listing fees, legal fees, adviser fees, printing and mailing, advertising and other expenses associated with the Offer;
- at the date of this Prospectus, these transaction costs have been estimated at $38.0 million based on existing agreements and quotes;
- $16.8 million of costs associated with raising equity have been netted against contributed equity;
- $15.3 million are being expensed to the statutory forecast consolidated statement of profit and loss for FY20 including $9.2 million of stamp duty associated with the Offer and Leasehold Acquisitions; and
- the remaining $6.0 million is the establishment fees of the new Debt Facility which have been capitalised.

Capital expenditure

- forecast based on HomeCo's assessment on a property-by-property basis having regard to historical property expenditure, future capital expenditure requirements and reports prepared by various external consultants; and
- development capital expenditure includes planning costs, consultant fees, incentives and construction costs for the Development Portfolio. The development capital expenditure is assumed to be funded from drawdowns on the Debt Facility.

Dividends

- for FY20 the Dividend is forecast to be paid from the Profits Reserve and be fully franked. This is equivalent to an annualised 6.0% yield on the Offer Price; and
- the first dividend is expected to be declared in February 2020.

Lease Mitigation Account

- the net cash outflow from the Leasehold Properties will be funded from cash drawn from the Lease Mitigation Account from Completion of the Offer. However, Hawthorn East lease payments that are paid between Completion of the Offer and settlement date (expected to be December 2019) are not funded by the Lease Mitigation Account;
- HomeCo has recognised the indemnity at actual consideration paid (i.e. nil). The indemnity covers leasehold mitigation costs in excess of the $60.0 million to be paid into the Lease Mitigation Account from the proceeds of the Offer; and
- no Lease Mitigation Account top-up payments from the Foundation Securityholders are assumed in FY20.

6.10. Sensitivity analysis

The Forecast Financial Information is based on a number of assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Directors. These estimates and assumptions are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 8.

Investors should be aware that future events cannot be predicted with certainty and, as a result, deviations from the figures forecast in this Prospectus are to be expected.

To assist investors in assessing the impact of these assumptions on Pro Forma Forecast Financial Information, the table below sets out the sensitivity of HomeCo's Pro forma forecast consolidated FFO and Pro forma forecast freehold FFO to changes in certain key assumptions.

The sensitivity analysis is intended to provide a guide only and variation in actual performance could exceed the ranges shown.

Table 10: Sensitivity analysis

		FY20 Pro forma forecast consolidated		FY20 Pro forma forecast freehold properties
		A$ 000s		A$ 000s
FY20 pro forma FFO		**(4,435)**		**15,175**
Incremental impact of change from assumptions:				
25 basis point change in average annual interest rate	-/+	(455)	-/+	(455)
50 basis point change in CPI	+/-	87	+/-	79
5% increase in corporate expenses	-	(456)	-	(456)

The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on Pro forma forecast consolidated FFO and Pro forma forecast freehold FFO. In practice, changes in variables may offset each other or may be cumulative.

6.11. Significant accounting policies

The significant accounting policies below apply estimates, judgements and assumptions which could materially affect the financial results or financial position reported in future periods.

Consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and consolidated balance sheet respectively.

Revenue recognition

i) Rental income

Rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

ii) Outgoings recoveries

The group recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

iii) Interest income

Interest revenue is recognised on an effective interest rate basis as it accrues.

Leasing costs and tenant incentives

i) Leasing costs

Leasing costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, fees and costs of preparing and processing documentation for new leases). These costs are capitalised and amortised on a 'straight line' basis over the term of the lease.

ii) Tenant incentives

Incentives such as cash, rent-free periods, lessee or lessor owned fitouts may be provided to lessees to enter into a lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or an increase in property outgoings. The carrying amount of the tenant incentives is reflected in the fair value of investment properties.

Management and other expenses

All expenses are recognised on an accrual basis.

Investment properties

i) Freehold Properties

Investment properties being freehold properties are held for long term rental yields and capital growth and are carried at fair value. Changes in fair value are presented in profit and loss. Gains and losses resulting from the sale of freehold property is measured as the difference between the latest carrying value of the asset at the date of disposal and is recognised when control over the property has been transferred.

ii) Leasehold Properties

HomeCo holds investment properties that are located on leased land. In turn these leases are often for long periods of time. HomeCo is a lessee in respect of the lease and applies AASB 16 Leases to the lease.

HomeCo recognises a right of use asset as investment property. Right of use assets are measured at fair value which reflects the expected cash flows, including variable lease payments that are expected to become payable. The value of any recognised lease liability is then added back to the fair value to determine the carrying value of the investment property.

Leases

HomeCo leases various properties under head lease agreements (ground leases) for the sub-letting to tenants. Leases range in term from 4 to 16 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by HomeCo. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to provide a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is valued in accordance with the investment property accounting policy set out in the Investment Properties policy above.

Lease liabilities are measured at the present value of the lease payments expected to be payable under lease agreements, discounted using the interest rate implicit in the lease, if that rate can be determined, or HomeCo's incremental borrowing rate.

The right of use asset is presented at fair value, measured to include the net present value of the cash flows expected to be generated from the occupation of the asset and the costs associated with holding and occupying the leased asset. The cash flows associated with the right of use asset are discounted using the weighted average cost of capital from the property. The value of any recognised lease liability is then added back to the fair value to determine the carrying value of the investment property.

Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in profit and loss. Short-term leases are leases with a lease term of 12 month or less.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Trade and other payables

These amounts represent liabilities for goods and services provided to HomeCo prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. After the initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless HomeCo has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Derivative financial instruments

Derivative financial instruments such as interest rate swaps are designated as financial instruments at fair value through the profit and loss. HomeCo does not designate any financial instruments as hedges in a hedging relationship; and Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where HomeCo's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

6.12. Management discussion and analysis of the statutory historical consolidated statement of profit and loss and statutory historical consolidated statement of cash flows for FY19

6.12.1. Statutory historical consolidated statement of profit and loss for FY19

The discussion of these general factors is intended to provide a summary overview only and does not intend to identify all factors that affected the historical operating and financial performance of HCL.

Rental income comprises rental income from the retail tenants of the Freehold and Leasehold Properties, and charges to those tenants for estimated recovery of those property outgoings deemed recoverable under each respective tenant lease. In FY19, rental income was $49.2 million and was derived from HCL's portfolio of Freehold Properties and Leasehold Properties of which 10 and 1 were open and operating at the beginning of the financial year respectively and an additional 9 freehold centres and 3 leasehold centres were repurposed and opened throughout the year.

Straight-lining of rental income or rental expense is an adjustment required under AAS to ensure that lease rental income or lease rental expenses are recognised on an even basis over the life of a lease, regardless of the actual payment requirements throughout its term. Leasing incentives are capitalised on the balance sheet and amortised through the leasing period. The rent straight-lining net of amortisation of leasing commissions and tenant incentives is $1.4 million in FY19.

Property related expenses are incurred as a direct result of property operations, including both recoverable and non-recoverable expenses under the terms of each respective lease. Total property expenses and outgoings were $30.5 million in FY19.

Corporate expenses include staff and staff related expenses, rent expense, audit fees, legal fees and other corporate costs. Total corporate expenses were $7.9 million in FY19.

FY19 net interest expense was $45.9 million and included $22.8 million relating to borrowings, $4.8 million amortisation of borrowing costs and under AASB 16 Leases, $18.7 million of Leasehold Properties interest expense, net of interest income received.

The fair value adjustments include the fair value movement of the Freehold Properties and Leasehold Properties. The total fair value adjustment for the year was $5.0 million.

Corporate tax rate is 30% for HCL and the total income tax benefit was $7.3 million in FY19.

Net loss after tax was $22.6 million in FY19.

Refer to Section 3 for further discussion around the portfolio and key KPI's driving financial performance.

6.12.2. Statutory historical consolidated statement of cash flows for FY19

Over the 12 months to 30 June 2019, HCL had a positive cash inflow of $7.5 million and a closing cash balance of $29.2 million, excluding restricted cash balances. Including restricted cash balances, HCL had a closing cash balance at 30 June 2019 of $36.3 million.

HCL incurred negative cashflow from operations of $31.8 million. This comprised of $25.4 million of interest paid on the existing debt facility and $6.8 million outflows from the operation of the Freehold Properties, Leasehold Properties and corporate overheads.

Cash outflows from investing activities were $61.4 million as HCL continued to repurpose the Freehold and Leasehold Properties. In FY19, HCL incurred $103.9 million in capital expenditure for the repurposing of Freehold Properties and Leasehold Properties and sold 4 assets for $41.8 million in sale proceeds.

To partially fund the negative operating and investing cashflow, HCL had a $100.7 million cash inflow from financing activities. This was primarily comprised of $138.9 million draw down from the existing debt facilities, the majority of which was drawn to fund the repurposing capital expenditure.

6.13. Working capital

HomeCo is of the opinion that it will have sufficient working capital to carry out its stated business objectives. HomeCo expects that its operating cash flows, together with borrowings and borrowing capacity under the Debt Facility will allow growth in its business. HomeCo is expected to have $24.1 million in cash at bank and $175.0 million in undrawn debt capacity under the Debt Facility at Completion of the Offer and settlement of the Hawthorn East Leasehold Acquisition. Therefore, HomeCo is expected to have combined cash and undrawn debt reserves of $199.1 million as at Completion of the Offer assuming settlement of the Hawthorn East Leasehold Acquisition.

7.
Leasehold Information

7. Leasehold Information

7.1. Background

On 11 October 2017, HIC Trustee acquired HCL and its subsidiaries from Woolworths. The portfolio of properties acquired included 19 leasehold properties across Australia. Sixteen of the 19 leasehold properties[144] acquired were subject to parent company guarantees provided by Woolworths to landlords in respect of which certain members of the HomeCo Group are lessees ("**Woolworths Guaranteed Leases**").

Under the Acquisition Agreement, HIC Trustee is obliged to use all reasonable endeavours to secure a release, replacement or removal of all lease guarantees (the "**Release Obligation**").

In connection with the acquisition of HCL, HIC Trustee entered into an indemnification deed with Woolworths dated 26 June 2017 ("**Indemnification Deed**"). Under the Indemnification Deed, HIC Trustee provided an indemnity to Woolworths in respect of any liability, cost or loss suffered by Woolworths in connection with (i) a HomeCo tenant's default or misrepresentation made under a Woolworths Guaranteed Lease or (ii) a landlord's enforcement of rights under a Woolworths Guaranteed Lease, in each case for the period after completion of the Acquisition and a certain period prior to completion of the Acquisition (collectively the "**Property Lease Indemnity**").

As at the date of this Prospectus, to the best of HomeCo's knowledge and belief, there are no claims by a landlord under a Woolworths Guaranteed Lease or by Woolworths that could give rise to a claim under the Property Lease Indemnity.

In connection with the Indemnification Deed, Woolworths has the benefit of:

- a guarantee & indemnity granted by the Existing Obligors; and
- second ranking security in the form of general security deeds (but not mortgages) granted by each of the Existing Obligors on substantially equivalent terms to the general security deeds granted by the Existing Obligors in favour of Credit Suisse AG, Sydney Branch as Security Trustee under the senior facilities (together the "**Woolworths Security**").

Under the guarantee and indemnity, the Existing Obligors (and any person who accedes to the guarantee and indemnity) provide a guarantee and indemnity to Woolworths in respect of HIC Trustee's obligations and any money owing to Woolworths under the Property Lease Indemnity. The general security deeds secure all obligations and any money owing to Woolworths by the Existing Obligors under the:

- Indemnification Deed;
- Acquisition Agreement, in so far as it relates to the Release Obligation outlined above; and
- the Woolworths Security,

(together the "**Woolworths Transaction Documents**").

The Woolworths Transaction Documents are subject to a Priority Deed dated 11 October 2017 (as amended) between, amongst others, Woolworths and Credit Suisse AG, Sydney Branch as facility agent under the current senior facilities agreement and as security trustee. The "Beneficiaries" under the security trust deed, being the senior lenders, are the senior creditors under that deed. Woolworths is the junior creditor and so is subordinated under the terms of that deed. When the existing facilities are refinanced in conjunction with the Offer, the incoming senior lenders will become the "Beneficiaries" under the security trust deed.

7.2. Leasehold property de-risking strategy

Since completion of the Acquisition, HomeCo has taken steps to de-risk its exposure on the 19 leasehold properties through the following strategies:

- the surrender of the Woolworths Guaranteed Leases;
- the repurposing of the site with sub-leases in place in respect of all or some of the site; and/or
- the acquisition of the freehold of the relevant property.

As at the date of this Prospectus, 14 of the 19 leasehold properties have been materially de-risked.

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[144] 19 leasehold properties includes 4 sites where HomeCo no longer has a leasehold interest in place. However, it has a contractual obligation to pay rental top-ups for the remaining lease term to the landlord.

7.3. Valuation

The remaining leasehold properties (which includes four surrendered leases with top-up payment obligations) carry liabilities, primarily in the form of rent and outgoings, capital expenditure, possible termination payments and rental incentives. These are referred to as the "**Leasehold Liabilities**". Each relevant leasehold property lease is referred to as a "**Relevant Lease**".

HomeCo has undertaken a process to ascribe a value to these Leasehold Liabilities. The NPV of those Leasehold Liabilities has been valued at $102 million as at the date of this Prospectus.

In assessing the NPV of those Leasehold Liabilities, HomeCo has applied certain principles with reference to the Property Council of Australia guidelines. The NPV is a discounted cash flow valuation analysis of the Leasehold Liabilities for each leasehold property including:

- gross rental income from sub-letting;
- vacancy allowance;
- statutory outgoings;
- operating expenses;
- lease expenses;
- a $150,000 (excluding GST) leasehold centre management fee payable to HCL for each leasehold site;
- tenant incentives (including rent free and tenant contributions);
- development capital expenditure (including planning and building costs);
- maintenance capital expenditure;
- rental top-up payments where HomeCo has surrendered a lease (as summarised above); and
- payments associated with the surrender of a lease.

No terminal value was adopted and the cash flow analysis of each Relevant Lease ceases upon expiry of the initial term under the Relevant Lease. A market-derived discount rate was applied to establish an indication of the NPV of the cash flows. HomeCo modelled the NPV of those Leasehold Liabilities over the life of the leases.

In addition, HomeCo engaged the services of KPMG to provide an opinion as to the reasonableness of the Initial Deposit (summarised below) and the calculation of the NPV of the Leasehold Liabilities. In undertaking its scope of work, KPMG:

- reviewed the discount rate applied;
- assessed whether the assumptions relating to expected capital expenditure and future revenue were consistent with the supporting information provided by HomeCo and any other information available; and
- reviewed the NPV calculation used to derive the NPV of the Leasehold Liabilities.

KPMG was of the opinion that both the proposed amount for the Initial Deposit and the calculation of the NPV of the Leasehold Liabilities were reasonable.

7.4. Lease mitigation strategy

In relation to the Leasehold Liabilities, it is the clear intention that the exposure of new Securityholders to the Relevant Leases will continue to be mitigated and that HIC Trustee will have a clear obligation to assume all future obligations in excess of $60 million, if required.

HomeCo has put in place certain arrangements with a view to ensuring this outcome. This includes the following:

- the provision by HIC Trustee of an indemnity to HomeCo in relation to any liability in respect of a Relevant Lease ("**Foundation Securityholder Indemnity**");
- the establishment of the Lease Mitigation Account;
- the payment of a $60 million initial deposit, from the proceeds of the Offer, into the Lease Mitigation Account; and

- with effect from 31 March 2020, the requirement for HIC Trustee to make additional payments to the Lease Mitigation Account on a periodic basis to ensure that the pro-forma cash balance available in the Lease Mitigation Account as at 31 March and 30 September of each year is an amount not less than the lesser of:
  - $30 million (such amount to increase by CPI); and
  - an amount equal to 110% of the NPV of the Leasehold Liabilities (as set out in the audited or reviewed consolidated financial statements of HomeCo for the period ending 30 June or 31 December of that year, as applicable) unless the NPV is equal to or less than $5 million, where the percentage shall be 100%.
- a voluntary escrow for two years in respect of 93,333,335 Securities held (directly and indirectly) by HIC Trustee.

These arrangements are contained in the following agreements:

- a lease mitigation deed between HCL, HIC Trustee, HICC 2 Pty Ltd as trustee for the Home Acquisition Trust, Home Investment Lease Company Pty Ltd (ACN 614 407 233), LeaseCo and MitigationCo, the material terms of which are summarised in Section 7.4.1;
- an account bank side deed between MitigationCo, ANZ (in its capacity as both account bank and agent under the Debt Facilities) and Credit Suisse AG, Sydney Branch, the material terms of which are summarised in Section 7.4.3; and
- voluntary escrow deeds between each of HIC Trustee and HICC 2 and HomeCo, the material terms of which are summarised in Section 7.4.4.

7.4.1. Lease Mitigation Deed

HCL, HIC Trustee, HICC2 Pty Ltd in its capacity as trustee for the Home Acquisition Trust, LeaseCo, Home Investment Lease Company Pty Ltd and MitigationCo have entered into a lease mitigation deed in connection with the lease mitigation strategy outlined above ("**Lease Mitigation Deed**").

The key terms of the Lease Mitigation Deed (which are conditional upon Completion) are as follows:

7.4.1.1. Establishment of the Lease Mitigation Account

a) The parties have agreed to open a bank account in the name of MitigationCo (referred to as the Lease Mitigation Account or LMA) and, until termination of the Lease Mitigation Deed, MitigationCo shall maintain and operate the Lease Mitigation Account in accordance with the terms of the Lease Mitigation Deed.

b) The Lease Mitigation Account shall be held by a reputable authorised deposit-taking institution (to be ANZ) and must only hold and accept deposits of cash.

c) All interest which accrues on the Lease Mitigation Account will be credited to the Lease Mitigation Account.

7.4.1.2. Fund Management Committee

a) The parties will establish a fund management committee ("**FMC**") comprising of a representative appointed by the HIC Trustee ("**HIC Representative**") and one or more independent non-executive directors of the Stapled Entities ("**NED**") as well as any other person the parties reasonably agree to be a member.

b) The FMC will determine whether to proceed with certain matters ("**FMC Decision Matters**") including:

   i. a variation or amendment of any pre-approved operating expenditure, pre-approved development costs or maintenance capital expenditure;

   ii. the termination or surrender of a Relevant Lease which involves payment, in whatever form, including termination payments, break-costs or rental top-up payments to be made from the Lease Mitigation Account;

   iii. the acquisition by a Group member of the freehold property to which a Relevant Lease relates from the relevant lessor where the purchase price is to be funded from the Lease Mitigation Account(subject to certain parameters);

   iv. certain amendments to the terms of a Relevant Lease or a sublease in respect of a Relevant Lease;

   v. the exercise of an option to extend the term of a Relevant Lease; and

   vi. any other payments from the Lease Mitigation Account not permitted under the Lease Mitigation Deed.

c) The Lease Mitigation Deed stipulates approval requirements for each FMC Decision Matter, with the approval requirements (such as both the NED and HIC Representative or at least the HIC Representative) reflecting the nature of the FMC Decision Matter.

7.4.1.3. Control of the Lease Mitigation Account

The parties are only permitted to make withdrawals or transfers from the Lease Mitigation Account as permitted under the Lease Mitigation Deed. These include:

i. withdrawals and transfers to pay any amounts payable by the Existing Obligors under the guarantee and indemnity referred to in Section 7.1;

ii. pre-approved operating expenditure for each leasehold property (defined as all rent, direct property outgoings, statutory outgoings, pre-determined rental top-up payments, leasing costs and expenses, and a $150,000 leasehold centre management fee payable to HCL per leasehold property);

iii. pre-approved development costs (defined as all capitalised costs associated with the repurposing of the leasehold properties up to a maximum of $10,000,000 per leasehold property);

iv. maintenance capital expenditure for each leasehold property (defined as all other cash expenditure to maintain, including over the long term, the leasehold properties up to a maximum of $150,000 per leasehold property);

v. pre-approved acquisition and surrender payments

vi. any payments approved by the FMC as described above.

Any pre-approved operating expenditure, pre-approved development costs and maintenance capital expenditure in respect of a leasehold property may only be used in respect of that leasehold property.

7.4.1.4. Indemnities

a) HIC Trustee indemnifies each guarantor under the guarantee and indemnity to Woolworths summarised in section 7.1 above, against all loss or liability under or in connection with the Relevant Leases (including any liability or loss arising from or in connection with a failure of the HIC Trustee under the Lease Mitigation Deed), subject to certain exceptions. The liability of the HIC Trustee under the indemnity is not limited to the balance in the Lease Mitigation Account.

b) HCL indemnifies the HIC Trustee for any liability or loss suffered under or in connection with a breach by HCL, LeaseCo or HILC of its obligations under, amongst others, the Relevant Leases, sub-leases and Property Management Agreement, but only where HIC Trustee has not breached its obligations or withheld its consent to an FMC Decision Matter and the obligation could otherwise have been met by making a permitted withdrawal from the Lease Mitigation Account.

7.4.1.5. Funding of the Lease Mitigation Account

a) An initial deposit of $60 million will be paid into the Lease Mitigation Account on Completion, funded from the proceeds of the Offer.

b) From Completion, all amounts received by the Group under or in connection with the leasehold properties (or any sub-lease of a Relevant Lease) will be paid into the Lease Mitigation Account.

c) HCL will be required to conduct a review of the balance in the Lease Mitigation Account as at 30 June and 31 December each year ("**Minimum Balance Review Date**"), which must include a detailed summary of all deposits and withdrawals from the Lease Mitigation Account for the relevant review period. This may be audited and, following the review, the directors of HCL must issue a certificate to each party confirming that all withdrawals or transfers are permitted (or to the extent that they are not, identifying the action taken). Each of HCL and LeaseCo have an obligation to refund the Lease Mitigation Account for withdrawals or transfers that are not permitted and/or ratified by HIC Trustee.

d) On 31 March and 30 September each year, the balance in the Lease Mitigation Account must be an amount not less than the lesser of:

    i. $30,000,000 (such amount to increase by CPI); and

    ii. 110% of the NPV of the Leasehold Liabilities calculated at 30 June and 31 December each year, unless the NPV is equal to or less than $5 million, where the percentage shall be 100% (the "**Minimum Balance**").

e) If on the Minimum Balance Review Date the balance in the Lease Mitigation Account is less than the Minimum Balance, the HIC Trustee and HICC 2 must procure that an aggregate cash amount equal to the difference be paid into the Lease Mitigation Account by either directing HCL to pay a dividend, capital return or any other distribution otherwise payable to HIC Trustee and/or HICC 2 to the Lease Mitigation Account (net of tax), or paying a cash amount directly into the Lease Mitigation Account.

7.4.2. Closure of the Lease Mitigation Account

a) The Lease Mitigation Account will be operated and remain open until the obligations in respect of the last of the Relevant Leases has terminated.

b) If there is any remaining credit balance in the Lease Mitigation Account prior to its closure, the remaining balance will be paid to HCL.

7.4.3. Account Bank Side Deed

Australia and New Zealand Banking Group Limited (as account bank and agent under the Debt Facilities) (**ANZ**), MitigationCo and Credit Suisse AG, Sydney Branch (as security trustee under the Home Investment Consortium Security Trust) will enter into an Account Bank Side Deed in relation to the LMA.

Under the terms of the Account Bank Side Deed, MitigationCo will be permitted to control the LMA and transact fully on the LMA (including by making any withdrawal, payment or transfer from the LMA) until such time as Credit Suisse AG, Sydney Branch or ANZ issues a "Control Notice" to the bank. The Control Notice has the effect of suspending all power of MitigationCo to control the operation of the LMA. ANZ may issue a Control Notice while an event of default is continuing under the Debt facilities, if so instructed by the facility agent.

7.4.4. Voluntary Escrow Deed

93,333,335 Securities held at Completion by HIC Trustee and HICC 2 will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below.

Each Escrowed Securityholder has entered into a voluntary escrow deed in respect of their Escrowed Securities, which prevents them from dealing in their Escrowed Securities for the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Securities or any legal, beneficial or economic interest in the Escrowed Securities or to create or agree or offer to create any security interest in the Securities.

Following Completion, Escrowed Securities held by the Escrowed Securityholders will be subject to escrow from Completion until 4.15pm on the second anniversary of Completion.

An Escrowed Securityholder may be released early from these escrow obligations to enable:

- the Escrowed Securityholder to accept an offer under a bona fide takeover bid in respect of all or a proportion of the Securities, provided that the holders of at least half of the Securities that are not subject to any voluntary escrow deed, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid;
- the Escrowed Securities held by the Escrowed Securityholders to be transferred or cancelled as part of a merger by scheme of arrangement relating to HCL or HCDL under Part 5.1 of the Corporations Act; or
- the Escrowed Securityholder to participate in an equal access share buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act).

During the escrow period, the Escrowed Securityholders may deal in any of their Escrowed Securities to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction) provided that:

- in the case of an off-market bid, if the offer is conditional, the Escrowed Securityholder agrees in writing that the holding lock will be applied for each Escrowed Security that is not bought by the bidder under the off market takeover bid; or
- in the case of a merger by scheme of arrangement under the Corporations Act, the Escrowed Securityholder agrees in writing that the holding lock will be applied if the merger does not take effect.

7. Leasehold Information continued

7.4.5. Property Management Agreement

In respect of the Relevant Leases, LeaseCo and Home Investment Lease Company Pty Ltd have entered into a Property Management Agreement with HCL. Under the terms of the Property Management Agreement, HCL agrees to manage each leasehold property under an agreed framework. The overarching principle of HCL providing these services and making management decisions is to minimise the ongoing NPV liability of the Relevant Lease. These services are to include amongst other things:

- management of the leasing (including sub-leasing) of the relevant leasehold property;
- making recommendation in relation to re-purposing or otherwise de-risking of the Relevant Lease (as applicable); and
- ongoing property management of the relevant leasehold property.

In consideration of providing these services, HCL will receive a fee of $150,000 (exclusive of GST) per leasehold site per annum, payable from the LMA monthly in arrears.

7.5. Risks associated with the lease mitigation strategy

Whilst it is the intention that the lease mitigation strategy set out above will ensure that the investors in the Offer will not have any exposure to the Relevant Leases in excess of $60 million, there are inherent risks that investors should be aware of.

7.5.1. NPV may fluctuate

As noted above, members of the Group are primarily liable for liabilities, in the form of rental and other capital and operating expenditure payments, under the Relevant Leases for the remaining term of those leases. The NPV of these Leasehold Liabilities has been valued at $102 million at Completion.

These liabilities are reduced to the extent that the Relevant Leases receive rental income from sub-leases and it is anticipated that the NPV of the Leasehold Liabilities will reduce over time through a number of active measures on HomeCo's part, as summarised above. That said, the actual sub-leasing of the Relevant Leases may be delayed or less than anticipated. Alternatively, expenditure payments may be greater than expected. In either case, or if there is an increase in the discount rate, the NPV of the Leasehold Liabilities may fluctuate and potentially increase.

7.5.2. Limitations on mitigation strategy

Under the lease mitigation strategy summarised above, HIC Trustee has obligations to indemnify HomeCo and make top-up payments to the Lease Mitigation Account.

HIC Trustee will own Securities with a value in excess of its obligations under these arrangements (based on the NPV of the Leasehold Liabilities) and is expected to receive annual dividends (net of tax) that exceed any annual payment obligations. In spite of these arrangements, there is a risk that the arrangements will not be sufficient, or available, to ensure the economic exposure to the Relevant Leases is not borne by HomeCo but rather by HIC Trustee. For example:

- HIC Trustee may not receive sufficient dividends (after tax) to fund its additional payments to the Lease Mitigation Account or may breach its obligations to make cash payments in that regard;
- HCL may become insolvent or there may be enforcement of security held by HomeCo's lenders or Woolworths, such that the lenders and/or Woolworths assume control of the LMA and remove the monies to the credit of the LMA (which may also cause the Lease Mitigation Deed to be terminated with no further obligations on HIC Trustee);
- HIC Trustee and HICC 2 have agreed to a voluntary escrow over the Escrowed Securities for a period of two years following Completion but may sell all or some of those Securities following the expiry of that escrow period;
- if HIC Trustee does sell or distribute the Securities in owns, it may not have sufficient income and/or assets to meet its commitments; and
- HomeCo may not be able to enforce any contractual right (including an indemnity) against HIC Trustee or HICC 2, which will be unsecured.

If HCL, LeaseCo or a member of the Group is required to fund the Relevant Leases in a scenario where HIC Trustee is in default of its obligations, it could have an adverse effect on HomeCo's financial performance and dividends.

There are a number of mitigating factors in this regard. Importantly, following the Offer, HIC Trustee will own 47% of the Securities. As such, HIC Trustee remains fully aligned commercially with HomeCo.

In order to provide HomeCo investors with further comfort following the two year escrow period:

- HIC Trustee will continue to remain contractually obliged to top up the Lease Mitigation Account and guarantee the lease payments under existing arrangements; and
- HIC Trustee will contractually undertake in favour of LeaseCo and HCL to propose satisfactory credit support arrangements, as described in further detail below. Investors should note that it is expected that the NPV will be a small fraction of HIC Trustee's asset value or the value of its Securityholdings in HomeCo.

At least 6 months prior to the end of the Escrow Period, HIC Trustee will submit a proposal, to the independent directors of the Stapled Entities, containing details of arrangements intended to provide satisfactory credit support in the prevailing circumstances. While HIC Trustee seeks flexibility to be able to deal with the circumstances at the time, the proposal is likely to contain options (or potentially a combination of options) to provide security to match the NPV of the Leasehold Liabilities at the end of the Escrow Period via a combination of one or more of the following:

- cash;
- bank guarantees; and
- a further escrow of all or a portion of HIC Trustee's Securities in HomeCo.

The NEDs may engage an independent auditor or other expert to provide an opinion as to whether the proposal is reasonable having regard to the desire for HIC Trustee to provide adequate credit support in respect of the NPV of the Relevant Leases as at the last Minimum Balance Date.

Under the Debt Facilities, the post-escrow funding proposal must effectively be in a form and substance satisfactory to the majority lenders.

7.5.3. Security over Lease Mitigation Account

The Lease Mitigation Account will form part of the security granted to HomeCo senior lenders and Woolworths summarised above. As such, should the senior lenders or Woolworths enforce their security over the Lease Mitigation Account, the ability of HomeCo to meet their obligations under the Relevant Leases will be materially impacted as HomeCo will lose control of operation of the LMA. In addition, the Lease Mitigation Deed can be terminated by HIC Trustee if amongst others there is any insolvency or enforcement event affecting HomeCo and a withdrawal is made from the Lease Mitigation Account that is not a permitted withdrawal.

7.5.4. Conflicts of Interest

There is a potential for a conflict of interest or dispute between HIC Trustee and HomeCo in relation to the Lease Mitigation Deed and/or the operation of the Lease Mitigation Account. For example, certain directors and senior management of HomeCo (including David Di Pilla, Zac Fried, Greg Hayes and Will McMicking) are Foundation Securityholders. Also, were HomeCo to acquire the freehold of any Relevant Lease, there may be disagreement as to the attribution of the purchase price between HomeCo and the Lease Mitigation Account. HomeCo has sought to mitigate the potential for conflicts of interest through decision making of the FMC.

8.
Investment Risks

8. Investment Risks

HomeCo is subject to various risk factors. Some of these are specific to its business activities, while others are of a general nature. Individually, or in combination, these risk factors could have a material adverse impact on HomeCo's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of the Securities.

The principal risk factors are described below.

The risks set out in this Section 8 are not an exhaustive list of the risks associated with HomeCo or the industry in which it operates, or an investment in the Securities either now or in the future, and this information should be used as guidance only and read in conjunction with all other information presented in this Prospectus.

There can be no guarantee that HomeCo will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.

Before deciding whether to invest in HomeCo, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in HomeCo is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in HomeCo, you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

8.1. Risks specific to an investment in HomeCo

8.1.1. HomeCo's net rental income may decline

HomeCo's primary source of income is generated through its leasing arrangements on the Portfolio.

Following Completion, HomeCo's ability to pay dividends will be largely dependent on the rents received from tenants across the Portfolio, expenses incurred during operations and capital expenditure incurred. HomeCo's rental income and expenditure may be affected by a number of factors, including:

- overall economic conditions, including CPI growth;
- local real estate conditions;
- the financial condition and solvency of tenants;
- ability to attract new tenants;
- ability to extend leases or replace outgoing tenants with new tenants;
- incentives offered to attract prospective tenants;
- increase in rental arrears and vacancy periods;
- reliance on a key tenant that leases a material proportion of the Portfolio;
- competition from new or existing properties;
- changes in retail tenancy laws;
- an increase in unrecoverable outgoings;
- supply and demand in the property market; and
- external factors including terrorist attacks, significant security breaches or a major world event.

HomeCo expects to receive rental income from its Portfolio, as described in Section 2.3. There is a risk that rental income might be materially different to the income described in the Financial Information set out in Section 6. Additionally, the forecasts included in this Prospectus make a number of assumptions in relation to the occupancy rate, the level of rental income and outgoings recoveries, including that all existing leases are performed in accordance with their terms. Rental income may decline for a number of reasons, including as a result of:

- failure of existing tenants to perform existing leases in accordance with their terms;
- failure on the part of HomeCo to enforce contracted rent increases or agree market rental reviews; or
- termination of a lease by a tenant due to convenience or failure on the part of HomeCo to meet lease terms (including performance hurdles).

This has the potential to decrease the value of HomeCo and would also have an adverse impact on HomeCo's financial performance and dividends.

8.1.2. HomeCo may be unable to lease properties, or they may be vacant

As at the date of this Prospectus, approximately 93.5% of HomeCo's operating properties are currently leased and approximately 81% of HomeCo's operating properties' tenancies are trading, with the balance of properties (or parts thereof) currently vacant. Certain vacancies are the subject of Agreements for Lease or an MoU between HomeCo and the proposed tenant. There is a risk that, despite there being an Agreement for Lease or MoU in place, HomeCo is not able to enter into a lease with the proposed tenant in respect of the vacant properties (or parts thereof). Should HomeCo be unable to secure a tenant for a vacant property (or parts thereof) for a period of time, this will result in lower rental returns to HomeCo, which could materially adversely affect HomeCo's financial performance and dividends.

Leases of properties come up for renewal on a periodic basis. There is a risk that HomeCo may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or at all or be able to find new tenants to take over space that is currently unoccupied. The ability to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and the supply of properties in the market which in turn, may increase the time required to let vacant space. Should HomeCo be unable to secure a replacement tenant for a period of time or if replacement tenants lease the Property on less favourable terms than existing lease terms, this will result in lower rental returns to HomeCo, which could materially adversely affect HomeCo's financial performance and dividends.

HomeCo could lose tenants due to a range of events including as a result of failure to renew a lease, the termination of a lease due to change of control, deterioration in the level of service provided to tenants, weakening of tenant relationships or disputes with tenants, consolidation of a tenant's sites or insolvency of tenants. Any of these factors could adversely affect the financial performance of HomeCo and dividends.

8.1.3. The value of the Portfolio or individual properties may fall

The value of the Portfolio, or individual properties within the Portfolio, may be impacted by a number of factors affecting the Australian property market generally, as well as HomeCo in particular, including:

- changes in property income;
- changes in discount rates used by valuers;
- fluctuating occupancy levels;
- tenant defaults;
- material change in quality of tenant;
- increases in supply or falls in demand for property;
- a downturn in local property markets or property markets in general; and
- general economic conditions, including prevailing interest rates.

The Stapled Entities intend to have the properties independently revalued regularly in accordance with its valuation policy. Reported valuations will represent only the analysis and opinion of the valuation experts at a certain date, and are not guarantees of present or future property values. Currently there is no single property whose value exceeds 8% of the gross asset value of HomeCo.

The valuations contained in the Valuation Reports reflect the relevant valuers' assessment of the value of the relevant Property as at 30 September 2019. Property values may fall if the underlying assumptions on which the valuation reports are based change in the future. Valuations may differ depending on the valuer appointed. A valuation may not reflect the actual price that would be realised if a Property is sold. As property valuation adjustments are reflected in HomeCo's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HomeCo's financial position and performance, and on dividends.

8.1.4. Retail property sector concentration

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

8.1.5. Tenant concentration

Whilst HomeCo has a diverse tenant mix, approximately 57.8% of the gross property income from the Portfolio is generated from the top 20 tenants. There is therefore a risk that if one or more of the major tenants ceases to be a tenant, HomeCo may not be able to find suitable replacements or may be able to secure lease terms that are as favourable as current terms. If HomeCo is unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, HomeCo's financial performance could be adversely impacted.

8.1.6. Capital expenditure requirements may be higher than expected

The forecast capital expenditure described in Section 6.9.2 represents HomeCo's current best estimate of the associated costs in maintaining and developing the Portfolio over the forecast period. There is a risk that the required capital expenditure will exceed the current forecasts, which could lead to increased funding costs and adversely impact dividends. Some examples of circumstances that may require capital expenditure in excess of the forecast amount include property damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues that become apparent in the future and need to be repaired or addressed. Any required or unforeseen material capital expenditure on the properties that is not covered by insurance could impact HomeCo's financial performance and dividends.

8.1.7. Development activities may involve higher risks

In seeking to maximise returns for investors, HomeCo intends to develop the existing development sites and tenancies yet to open at trading sites. As described in Section 2.4.4, HomeCo will consider opportunities to enhance the value of the broader Portfolio and may selectively acquire new properties which have development potential. There are typically higher risks associated with development activities than holding developed assets.

The risks faced by HomeCo in relation to existing or future development projects will depend on the terms of the transaction at the time. HomeCo seeks to mitigate the risks associated with development projects by the employing the following risk mitigation strategies, amongst others:

- ensuring that it has lease commitments (in the form of Agreements for Lease) in respect of at least 50% of the GLA before commencing the development; and
- backing contractor obligations with unconditional bank guarantees.

Development activities require various approvals from the relevant State planning authorities. There is a risk that the relevant approvals may not be obtained on the basis of HomeCo's application, are on conditions that are unsatisfactory or may not be granted at all. Changes in government regulations and policies, failure to obtain or delays in the granting of planning approvals may affect the amount and timing of HomeCo's future profits.

There is a risk that a contractor engaged on any given project is unable to complete the specified works on time or could default on other obligations under its contract. Completion of construction works may be delayed for a number of reasons, including industrial disputes, inclement weather, permitted variations to the works, changes to legislative requirements, delays in authority inspections or regulatory approvals or a builder experiencing financial difficulties. Even where a development is under a fixed price contract, there is a risk of potential contractor default where actual development costs are materially greater than expected. In those circumstances, the actual development costs may not be able to be funded by the contractor and the development may not complete unless HomeCo agrees to bear the excess costs or is able to replace the contractor. However, HomeCo may not be able to replace the contractor with another with similar experience and/or on terms as advantageous to it. In addition, HomeCo may suffer loss of rent in respect of a delay in completion. Any of these factors could materially adversely affect the financial performance of HomeCo and dividends.

Development works have been underway at certain properties in the Portfolio. Following completion of these development works, HomeCo may be exposed to residual defects. In each case, the residual defects risk have been sought to be mitigated through the inclusion of certain contractual protections in relevant construction contracts including the provision of warranties regarding the quality, standards, performance and insurance of the contracted works, and obligations on third parties to rectify defects which are backed by unconditional bank guarantees. Notwithstanding this, HomeCo remains exposed to potential losses (i) which may not be covered by the provisions of the contract or may exceed the amounts set aside in the bank guarantees (or arise after the bank guarantee is released), or (ii) may be incurred in the event of a counterparty default if a claim were made. This could materially adversely affect the financial performance of HomeCo and dividends.

HomeCo may be exposed to delay claims from tenants (in the form of rent abatements) if there is a delay in construction works and handover. HomeCo manages this risk in its building contracts and build programs.

8.1.8. There may be risks associated with acquisitions

HomeCo will also continue to seek to identify new property assets for acquisition. There is a risk that HomeCo will be unable to identify future properties that meet its investment objectives, or if such properties are identified, that they can be acquired on appropriate terms. Any failure to identify appropriate properties or successfully acquire such properties could adversely affect the growth prospects and the financial performance of HomeCo.

HomeCo has endeavoured, and will endeavour, to do all reasonable and necessary due diligence on acquisition properties. However, there is a risk that potential issues are uncovered subsequent to due diligence and that these risks cannot be fully mitigated by the warranties and indemnities in the sale agreements, or related insurance arrangements, for those acquisitions. If an unforeseen liability arises in respect of which the purchaser is not able to be indemnified, this may adversely impact the financial performance of HomeCo and dividends. Also, there can be no guarantee as to the financial capacity of vendors of properties. In these circumstances, if a warranty or other claim was made under an acquisition agreement, there is a risk that funds may not be available to meet that claim. Any inability to recover amounts claimed from vendors could materially adversely affect HomeCo's financial performance.

There is also a risk that acquired properties do not perform as expected due a variety of factors including but not limited to tenants vacating the properties or tenant default.

In relation to the Portfolio, some of the information regarding the acquisition of the properties has been derived from information made available by or on behalf of the vendors of each property. Although HomeCo (and its advisers) have conducted reasonable levels of due diligence, they have not verified the accuracy and completeness of all information provided to it. To the extent that any of this information is incomplete, inaccurate or misleading, there is a risk that the financial performance of HomeCo may differ from its expectations, potentially adversely. Further, if the properties have not been managed consistently with expectations, there is a risk that the financial performance of HomeCo may differ from expectations, potentially adversely, including writing down the carrying value of assets.

The three Leasehold Acquisitions have been carried at their estimated fair value. Future valuations may not reflect the estimated fair value. As property valuation adjustments are reflected in HomeCo's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and the HomeCo's financial position and performance, and on dividends.

8.1.9. Properties are illiquid

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

8.1.10. There may be environmental compliance costs and liabilities

Notwithstanding the environmental and legal due diligence conducted in relation to the Portfolio, unforeseen environmental issues may affect any of the properties in the Portfolio.

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

In addition, environmental laws impose penalties for environmental damage and contamination which may be material. Whilst the nature of HomeCo's operations are such that the risk should be minimal, should a person be exposed to a hazardous substance at a property within the Portfolio, they may make a personal injury claim against HomeCo. Such a claim could be material.

An environmental issue may also result in interruptions to the operations of a property. Any lost income caused by such an interruption to operations may not be recoverable.

HomeCo and the operations of property tenants are subject to government environmental legislation. New or more stringent environmental laws or regulations could be introduced in the future, for example in relation to climate change, which may require HomeCo to incur additional material expenditure to ensure that the required compliance is maintained. While environmental issues are continually monitored, there is no assurance that HomeCo's operations or those of a tenant of a property will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation and financial performance of HomeCo and dividends.

8.1.11. HomeCo may not be able to meet its forecasts

This Prospectus contains Forecast Financial Information for the financial year ending 30 June 2020. The forward-looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various factors, many of which are outside the control of HomeCo. There can be no guarantee that the assumptions on which the forward-looking statements, opinions and estimates are based, will ultimately prove to be valid or accurate, including rents, property costs and corporate expenses incurred by HomeCo.

HomeCo can give no assurance that HomeCo's actual results will not differ materially from those presented in the Forecast Financial Information. Any material adverse difference may adversely affect the value of the Securities.

8.1.12. HomeCo may be unable to attract or retain key personnel

HomeCo's success depends on the continued active participation of its senior management team (outlined in Section 2.4.6). These employees are an important part of HomeCo's business strategy and success as they have extensive industry experience and knowledge of HomeCo's business. If HomeCo were to lose any of its senior management team or if it were unable to employ replacement personnel with the requisite level of experience to adequately operate HomeCo's business, its operations and financial performance could be adversely affected.

8.1.13. Failure of risk management and internal control strategies

HomeCo has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including risks related to liquidity, interest rates, counterparties, compliance, market conduct, bribery and corruption, anti-money laundering and counter terrorism funding compliance, insurance and operational, all of which are important to HomeCo's reputation and business operations. However, there are inherent limitations with any risk management and internal control framework as there may exist, or emerge in the future, risks that HomeCo has not adequately anticipated or identified. If any of HomeCo's risk management and internal control processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, the financial performance of HomeCo and dividends and could be adversely impacted.

8.1.14. Liability for leasehold assets

There are risks associated with the Relevant Leases as summarised in Section 7.5.

8.1.15. HomeCo may suffer loss for which it is not insured

HomeCo intends to maintain appropriate insurance coverage in respect of Portfolio if insurance coverage is available on commercial terms and at acceptable prices. Insurance cover may not be available for certain types of losses (for example, losses caused by war, riots and civil commotion) or even if it is available it may be too expensive. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by HomeCo, and could adversely affect the financial performance of HomeCo and dividends.

Increases in insurance premiums as a result of insurance claims or otherwise may also adversely affect HomeCo's financial performance and dividends.

8.1.16. HomeCo may not be able to utilise carried forward tax losses

HCL has significant unused tax losses. The ability of HCL to utilise these tax losses for future financial years is dependent on a number of matters, including HCL continuing to satisfy the applicable conditions under tax laws. If HCL is not able to utilise these tax losses in any given tax year, HCL will need to pay tax on its taxable income (including net capital gains) in respect of that tax year.

8.1.17. Intellectual Property

HomeCo trades under the names "HomeCo" and "Home Consortium" and uses logos on its Portfolio that references the term Home Co. The use of this branding is an important aspect of HomeCo's marketing strategy as it differentiates its centres from those of its competitors and attracts visitors to its centres.

If a third party accuses HomeCo of infringing its intellectual property rights or if a third party commences litigation against HomeCo for the infringement of trade mark or other intellectual property rights, HomeCo may incur significant costs in defending such action, whether or not it ultimately prevails. In addition, parties making claims against HomeCo may be able to obtain injunctive or other equitable relief that could limit or prevent HomeCo from commercialising the Portfolio, especially the use of the terms "HomeCo" and/or "Home Co" and the Home Co logo. HomeCo undertook a rebranding exercise in 2019 with a view to mitigating this risk.

In the event of a successful claim of infringement against HomeCo, it may be required to pay damages. Defence of any litigation could impact HomeCo's ability to conduct is business and could cause it to incur substantial expenditure.

8.1.18. HomeCo may be unable to refinance, repay or renew its debt

HomeCo uses bank debt to partially fund its business operations. The first and second tranches of the debt facilities HomeCo will have in place on Completion (being the Debt Facilities described in Section 2.5.1) will both expire three (3) years after the date of financial close under the Debt Facilities. The Stapled Entities will be subject to various financial and non-financial covenants under the Debt Facilities which could limit its future financial flexibility.

Interest payable on the Debt Facilities will depend on the interest rate, which is comprised of a base interest rate plus a variable interest rate margin. An increase in interest rates or an increase in the margins on which financing can be obtained may increase the Stapled Entities' financing costs. For example, the applicable margin for each tranche of the Debt Facilities will increase as the loan to value ratio increases.

If HomeCo's financial performance deteriorates, including due to a decline in rental income or the value of the Portfolio, HomeCo may be unable to meet the covenants under the Debt Facilities. This may require HomeCo to seek amendments, waivers of covenant compliance or alternative borrowing arrangements, to reduce debt or raise additional equity.

If a breach of covenant under the Debt Facilities were to occur, there is no assurance that a debt financier would consent to an amendment or waiver, or that debt financiers would not exercise enforcement rights, including cancelling the Debt Facilities, requiring immediate repayment or enforcing their security. If a debt financier enforces its security over the relevant assets of a subsidiary of HomeCo which has provided security to support HomeCo's debt financing and forces a sale of the secured property, there is a risk that the value received may be less than the amount of the secured obligations and may be less than the optimal sale price. If HomeCo is unable to repay or refinance the Debt Facilities upon maturity or in the event of a breach of covenant, HomeCo may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could materially adversely affect HomeCo's ability to operate its business, acquire new properties and fund capital expenditure and could materially adversely affect the financial performance of HomeCo and dividends, and HomeCo may suffer reputational damage which could result in lenders being unwilling to extend additional finance or potentially raise future borrowing costs.

In the future, HomeCo may also need to access additional debt financing to grow its operations and its Portfolio. If HomeCo is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, HomeCo may not meet its growth targets, which may adversely impact HomeCo's financial performance and dividends.

HomeCo's ability to extend the Debt Facilities or to borrow money for refinancing, capital expenditure or acquisitions will depend on a range of factors including general economic conditions, debt and equity market conditions, as well as HomeCo's financial position, financial performance and reputation. Changes in the above factors may impact the cost or availability of funding, and accordingly HomeCo's financial performance, financial position and dividends. There can be no assurances that future financing will be available on terms acceptable to HomeCo, or at all.

To the extent that HomeCo incurs variable rate indebtedness that is unhedged, increases in interest rates may increase the cost of borrowing and this may adversely affect HomeCo's ability to make timely payments in respect of the Debt Facilities. In order to reduce exposure to the impact of moving interest rates, HomeCo intends to enter into interest rate swaps in respect of approximately 50% of the drawn amount of the Debt Facilities as at Completion.

However, where interest bearing indebtedness is hedged, hedging arrangements themselves involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates.

8.1.19. No guarantee of dividends or capital returns

HomeCo does not give a guarantee as to the amount of any income or capital return from the Securities or the performance of HomeCo as its ability to pay dividends is subject to many variables.

Even if HomeCo is able to pay a dividend, its ability to maintain and/or increase dividends over time cannot be guarantees as its ability to do so is dependent on a number of factors including rental income, acquisitions and completion of developments on time or to budget. If any of these factors are not met, HomeCo's ability to maintain or increase dividends may be adversely impacted.

The forecast annualised dividend for the period ending 30 June 2020 is expected to exceed Funds from Operations for that period. HomeCo may not be able to sustain dividends at this level going forward if it is unable to implement its business plans.

Furthermore, there may be restrictions on HomeCo's ability to pay dividends to Securityholders during the term of the Debt Facilities. As a general matter, HomeCo is permitted to pay dividends as it sees fit, other than where an event of default or a potential event of default under the Debt Facilities is continuing or during any remedy period.

8.1.20. Retail tenancies legislation

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

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

8.1.21. Laws and regulation may change

In the ordinary course of its business, HomeCo is subject to a range of laws and regulations. These laws and regulations include those relating to retail tenancies, planning and zoning, employment, property and taxation (including GST and stamp duty).

Changes to laws and regulations in these areas may adversely affect HomeCo, the value of the Portfolio, including by increasing its costs either directly (for example, by increasing a tax or duty HomeCo is required to pay) or indirectly (for example, by increasing the cost of complying with a particular legal requirement or increasing competition for tenants from other landlords). Any such change may adversely affect HomeCo's financial performance and dividends.

8.1.22. Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a property in the Portfolio may be attributable to HomeCo as the landlord instead of, or as well as, the tenant. Such liability may include fines and penalties imposed by regulatory authorities as well as claims for compensation from injured parties, and may not be fully covered by insurance policies. Any such liabilities may be incurred by HomeCo (which are not covered by insurance policies) and could materially adversely affect the financial performance of HomeCo and dividends.

8.1.23. HomeCo may be involved in disputes or litigation

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

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

8.1.24. Indemnities and warranties under the Acquisition Agreement

Under the terms of the Acquisition Agreement, HIC Trustee received the benefit of a number of warranties and indemnities. These indemnities covered matters including tax as well as the operation of the “Masters Home Improvement” business prior to the completion of the Acquisition. HomeCo may have the primary liability for any losses suffered in relation to matters prior to completion of the Acquisition given it was the entity that operated the “Masters Home Improvement” business. Such examples could include personal injury claims by former employees or product liability matters relating to products sold prior to completion of the Acquisition.

Whilst arrangements have been put in place with the intention of ensuring that HomeCo has the benefit of any proceeds from claims made against the indemnities and warranties under the Acquisition Agreement, there is a risk that HomeCo may not be able to fully recover any loss covered by a warranty or indemnity in the Acquisition Agreement.

As at the date of this Prospectus, no material matters have been identified since the Acquisition was completed and HomeCo is not aware of any threatened or pending claim in respect of the period prior to the Acquisition.

8.1.25. Insolvency of HomeCo

In the event of any liquidation or winding up of HomeCo, the claims of HomeCo’s creditors (including the lenders under the Debt Facilities and Woolworths, as set out below) will rank ahead of those of its Securityholders. Under such circumstances HomeCo will first repay or discharge all claims of its creditors.

Any surplus assets will then be distributed to HomeCo’s Securityholders.

8.1.26. Foundation Securityholders exerting a material influence

After Completion, the Foundation Securityholders (through HIC Trustee) are expected to hold approximately 47% of the Securities on issue in HomeCo as well as other direct Securityholdings. As such, they will continue to be able to exert material influence over HomeCo, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Securityholders. There is a risk that the interests of the Foundation Securityholders (including through HIC Trustee) may be different from the interests of investors who acquire Securities under the Offer. In order to mitigate this risk, HomeCo has appointed 3 Independent Non-Executive Directors, each of whom has confirmed an intention to acquire Securities under the Offer, and put in place the related party protocols summarised in Section 5.5.5.

Following the expiry of the two year voluntary escrow period, some or all of the Foundation Securityholders (including through HIC Trustee) may elect to sell down some or all of their holdings in HomeCo. Given their significant holding, the price of Securities may decline as a result. As described in Section 13.1.3.2., if some or all of the Foundation Securityholders (including through HIC Trustee) sell or transfer their interests in the Securities to a person which results in that person acquiring, directly or indirectly, control of HomeCo (where “control” has the meaning given to it in section 50AA of the *Corporations Act 2001* (Cth)), then this would constitute a review event under the terms of the Debt Facilities and, subject to certain agreed negotiation and notification periods, a potential repayment of the Debt Facilities may be required if the review event is not rectified or waived. Further information regarding risks relating to the Debt Facilities are outlined in Section 8.1.18.

8.1.27. Certain Foundation Securityholders are also major tenants on arms length terms

In addition to their securityholdings, the Spotlight Retail Group (through the Spotlight and Anaconda brands) and the Chemist Warehouse Group are significant tenants of HomeCo. Following Completion, approximately 7.8% of HomeCo’s gross income will be sourced from these securityholders. Leases entered into with the Spotlight Retail Group (through the Spotlight and Anaconda brands) and the Chemist Warehouse Group are entered into on arm’s length terms and HomeCo has put in place the related party protocols summarised in Section 5.5.5 in order to address any related party issues connected with future leases.

Refer to Section 2.4.3.2 for details of the ownership interests of HIC Trustee and the Foundation Securityholders.

8.2. General risks

8.2.1. HomeCo's security price may fluctuate

On Completion, HomeCo will become subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in its Security price that are not explained by the fundamental operations and activities of HomeCo. There is no guarantee that the price of the Securities will increase following quotation on ASX, even if HomeCo's earnings increase.

The Securities may trade at, above or below the Offer Price due to a number of factors, including:

- general market conditions;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from particular market indices (including S&P/ASX indices); and
- the nature of the markets in which HomeCo operates.

Other factors that may negatively affect investor sentiment and influence HomeCo specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

8.2.2. Trading in the Securities may not be liquid

There can be no guarantee that an active market for the Securities will develop following Completion. There may be relatively few potential buyers or sellers of the Securities on the ASX at any given time. This may increase the volatility of the market price of the Securities. It may also affect the prevailing market price at which Securityholders are able to sell their Securities. This could result in Securityholders receiving a market price for their Securities that is less than the price that they paid.

As noted at Section 7.4.4, the Securities held by HIC Trustee on Completion will be escrowed for the period ending two years from Completion. The fact that the Foundation Securityholders (through HIC Trustee) will be unable to trade their Securities until they are released from escrow will also reduce the liquidity of trading in Securities for the duration of the Escrow Period and this could also reduce the prevailing market price at which Securityholders are able to sell their Securities. If the Foundation Securityholders voluntarily maintain their holding after the end of the Escrow Period, the liquidity of the Securities will continue to be reduced until such time as the Escrowed Securityholders elect to sell down.

8.2.3. Securityholders may suffer dilution

HomeCo may issue more Securities in the future in order to fund acquisitions or investments or to reduce its debt. While HomeCo will be subject to the constraints of the Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), any such equity raisings may dilute the interests of Securityholders.

8.2.4. Taxation changes may occur

The taxation treatment for Securityholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law is expected to be interpreted in Australia may adversely impact HomeCo's returns or the dividends paid to Securityholders.

An investment in the Securities involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in HomeCo.

8.2.5. Expected future events may not occur

Certain statements in this Prospectus constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of HomeCo to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should a forward-looking statement be regarded as a representation or warranty by HomeCo or any other person referred to in this Prospectus that a particular outcome or future event is guaranteed.

8.2.6. Impact of climate change

Climate change presents a potentially material risk to HomeCo. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of HomeCo's Properties (and associated communities) through physical damage, operating costs, ability to trade, consumer visitation and retail sales. These acute weather events may be sudden and acute or more gradual in nature. For example, a Property may be damaged by storms or flooding which requires extensive repairs and may impact sales at that Property. Alternatively, tenants may be impacted by disruptions to sales or their supply chains. HomeCo has conducted both high-level and asset-level assessments of physical risks in order to identify and mitigate those risks.

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require HomeCo to incur costs to address these changes. The transition to a low carbon economy may enable HomeCo to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.

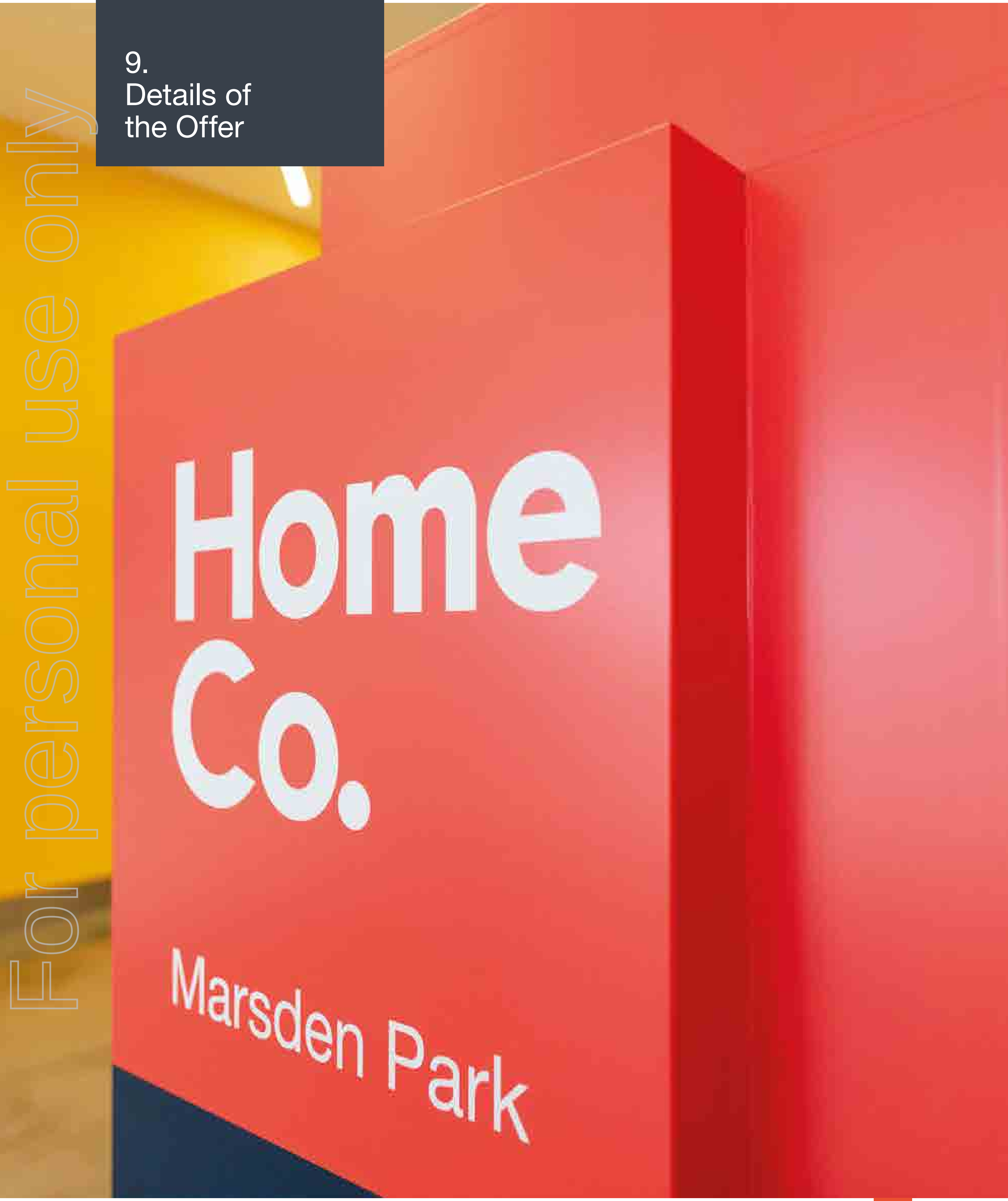
8.2.7. Force majeure events may occur

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of HomeCo and the price of the Securities. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events that can have an adverse effect on HomeCo's ability to conduct its business.

8.2.8. Accounting standards may change

The Australian Accounting Standards to which HomeCo adheres are set by the Australian Accounting Standards Board ("**AASB**") and are consequently outside the control of HomeCo and the Directors. Changes in accounting standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in HomeCo's financial statements.

9.
Details of the Offer



9. Details of the Offer

9.1. Overview of the Offer

This Prospectus relates to an initial public offering of Securities by HomeCo. HomeCo will issue approximately 97.0 million Securities, raising proceeds of approximately $325 million at the Offer Price of $3.35 per Security.

The Securities being offered under this Prospectus will represent approximately 49.0% of the total number of Securities on issue following Completion, being 197.8 million. All Securities offered under this Prospectus will rank equally with the existing Securities on issue. Refer to Section 14.5 for details of the rights attaching to Securities.

The Offer is made on the terms, and is subject to the conditions set out, in this Prospectus.

9.2. Structure of the Offer

The Offer comprises:

- the **Retail Offer**, which consists of the:
  - **Broker Firm Offer:** which is open to Australian resident retail clients and New Zealand resident sophisticated retail clients of Brokers who have received a firm allocation of Securities from their Broker; and
  - **Priority Offer:** which is open to selected investors nominated by HomeCo in eligible jurisdictions, who have received a Priority Offer invitation to acquire Securities under this Prospectus and are not in the United States; and
- the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Securities.

No general public offer will be made under the Offer. The allocation of Securities between (and within) the Retail Offer and the Institutional Offer was determined by agreement between the Stapled Entities and the Joint Lead Managers, having regard to the allocation policies set out in Sections 9.8.4, 9.9.4 and 9.12.2.

9.3. Purpose of the Offer and funding allocation

The Offer is being conducted to:

- provide HomeCo with working capital to continue to execute its strategy of unlocking value and growth through development and strategic acquisitions;
- refinance existing debt and establish an appropriate capital structure;
- provide funding capacity for the acquisition of the three leasehold sites;
- fund the costs relating to the Offer and the initial $60 million deposit into the LMA; and
- provide HomeCo with the benefits of an increased transparency and credibility that arises from being a listed entity.

The Offer is expected to raise approximately $325 million.

Sources and uses of proceeds from the Offer, issue of Convertible Notes and debt facility drawdown

Sources of funds	$ 000s
Debt facility drawdown	325,000
Issue of Convertible Notes[1]	25,000
Proceeds from the Offer	325,000
Total Sources	**675,000**

Uses of funds	$ 000s
Refinance existing debt facilities	415,665
Initial Deposit into the LMA	60,000
Leasehold Acquisitions[2]	137,250
Transaction costs[3]	38,031
Working capital	24,054
Total Uses	**675,000**

Note:

1. *Convertible Notes will be converted into Securities at the time of Completion at the Offer Price.*
2. *Purchase price excluding stamp duty.*
3. *Transaction costs include stamp duty.*

9.4. No minimum subscription

There is no minimum amount which must be raised under this Prospectus. HomeCo will not seek to raise more than $325 million under the Offer.

9.5. Capital and Securityholding structure

9.5.1. Capital structure

HomeCo currently has 93,333,335 Securities on issue. HCL also has zero coupon convertible notes in the amount of $25 million on issue to the entities listed in Section 13.3.4. At or around Completion, the Convertible Notes will convert into 7,462,687 Securities at the Offer Price.

A total of 97,014,911 Securities are available under the Offer. An additional 668,658 Rights will be offered to select Directors and Key Management Personnel under the terms of the EEP and NEDEP as described in Sections 5.4.1 and 5.4.2. A further 114,925 Rights will be offered to non Key Management Personnel under the employee grant as described in section 5.4.1.1.

The following table sets out HomeCo's indicative capital structure immediately prior to and immediately following Completion:

	Number of securities pre completion	Number of securities post completion	Percentage (undiluted)	Percentage (diluted)
Securities held by Foundation Securityholders[2]	93,333,335	93,333,335	47.2%	47.0%
Securities to be issued under the Offer	Nil	97,014,911	49.0%	48.9%
Number of Securities to be issued on conversion of Convertible Notes	Nil	7,462,687	3.8%	3.8%
Total (undiluted)	**93,333,335**	**197,810,933**	**100.0%**	**99.6%**
Rights granted to Directors and Key Management Personnel and Employee Grant	Nil	783,583	n/a	0.4%
Total (diluted)	**93,333,335**	**198,594,516**	**100.0%**	**100.0%**

Note:

1. *Percentage holding on a fully diluted basis has been calculated as if all of the Rights on issue had been vested and converted in accordance with their terms. Refer to Section 5.4 for further details regarding the Rights.*
2. *The Foundation Securityholders do not hold Securities directly but rather through an equivalent interest in HIC Trustee. Does not include Securities which these Foundation Securityholders may subscribe for under the Offer, nor does it include Securities which will be issued to certain Foundation Securityholders on conversion of the convertible notes, which is dealt with separately within the table.*

9.5.2. Securityholding structure

The details of the ownership of Securities immediately prior to and immediately following Completion are as follows:

	Securities held pre Completion		Securities held post Completion	
	Number of Securities	%	Number of Securities	%
Home Investment Consortium Company Pty Limited as trustee for the Home Investment Consortium Trust	62,222,223	66.7%	62,222,223	31.5%
HICC 2 Pty Ltd as trustee for the Home Acquisition Trust[1]	31,111,112	33.3%	31,111,112	15.7%
New Securityholders	Nil	–	97,014,911	49.0%
Number of Securities to be issued on conversion of Convertible Notes	Nil	–	7,462,687	3.8%
Total	**93,333,335**	**100.0%**	**197,810,933**	**100.0%**

Note:

1. *Home Investment Consortium Company Pty Ltd is the sole shareholder of HICC 2 Pty Ltd and sole beneficiary of the Home Acquisition Trust.*

Shareholders with more than 10% of the shares in HIC Trustee are:

- Aurrum Holdings Investment Company Pty Ltd (as trustee for the Aurrum Holdings Investment Trust) (AHIT) with a 53.6% holding;
- Chemist Warehouse Group with a 10.7% holding (through CW Property Nominees Pty Ltd);
- Spotlight Group Holdings with a 10.7% holding (through Spotlight HIC Nominee Pty Ltd); and
- Primewest with a 10.7% holding (through Primewest Funds Ltd as trustee for the Primewest (Masters) Unit Trust and Primewest (HIC) Pty Ltd).

David Di Pilla has an interest in HIC Trustee as well as a majority interest in AHIT through privately owned family companies. Entities associated with Greg Hayes, Mary and Alexander Shaw (David Di Pilla's mother in law and father in law), other members of David Di Pilla's extended family and HomeCo management also have an interest in HIC Trustee and AHIT, and combined with David Di Pilla's interest are collectively referred to as the Aurrum Group Investors. Aurrum Group Investors have a total holding in HIC Trustee of 67.9%.

The board of directors of HIC Trustee are David Di Pilla, Mario Verrocchi, Mary Shaw, Alexander Shaw, David Schwartz, Greg Hayes and Zac Fried.

David Di Pilla, Zac Fried and Greg Hayes are also members of the board of HomeCo.

See Sections 2.4.3.2 and 13.3.4 for further information on the Foundation Securityholders ownership of Securities and Convertible Notes.

9.6. Control implications of the Offer

Following Completion, HIC Trustee will own approximately 47% of the Securities on issue. See Section 8.1.26 for the risks associated with the Foundation Securityholders exerting material influence over the Stapled Entities.

9.7. Summary of the Offer

The following is a summary of the Offer:

Topic	Summary
What is the type of security being offered?	Securities (being a fully paid ordinary share in Home Consortium Limited stapled to a fully paid ordinary share in Home Consortium Developments Limited).
What are the rights and liabilities attached to the Securities?	A description of the Securities, including the rights and liabilities attaching to them is set out in Section 14.5.
What is the consideration payable for each security being offered?	The Offer Price is $3.35 per Security.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the key dates on page 5 of this Prospectus. These key dates are indicative only and may change. Unless otherwise indicated, all time are stated in Sydney time. The Stapled Entities and the Joint Lead Managers reserve the right to amend any or all of the times and dates of the Offer without notice subject to the Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion, accepting late Applications either generally or in particular cases, allotting Securities at different times to different Applicants or to cancel or withdraw the Offer without prior notice.

Topic	Summary
What is the Offer Period? continued	If the Offer is cancelled or withdrawn before the allocation and issue of Securities to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. No Securities will be issued on the basis of this Prospectus later than the Expiry Date. The quotation and commencement of trading of the Securities is subject to confirmation from ASX.
How much is to be raised under the Offer?	$325 million is to be raised under the Offer.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers. More detail on the underwriting arrangements is set out in Section 13.1.2.
Who are the Joint Lead Managers to the Offer?	The Joint Lead Managers are Credit Suisse (Australia) Limited, Goldman Sachs Australia Pty Ltd and J.P. Morgan Securities Australia Limited.
What is the minimum and maximum Application size under the Offer?	Broker Firm Offer The minimum Application size under the Broker Firm Offer is $2,000 worth of Securities in aggregate and in increments of at least $500 thereafter. There is no maximum value of Securities that may be applied under the Broker Firm Offer. Priority Offer The minimum Application size by Applicants, who have received an invitation to apply for Securities under the Priority Offer, is $2,000 worth of Securities in aggregate and in increments of at least $500 thereafter. Your personalised invitation will indicate the maximum amount of Securities that you may apply for.
What is the allocation policy?	The allocation of Securities between the Broker Firm Offer, Priority Offer and Institutional Offer was determined by agreement between the Joint Lead Managers and the Stapled Entities having regard to the allocation policies outlined in Sections 9.8.4, 9.9.4 and 9.12.2. Broker Firm Offer With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Securities among their retail clients and they (and not the Stapled Entities or the Joint Lead Managers) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Securities. Priority Offer Allocations under the Priority Offer will be at the absolute discretion of the Stapled Entities. The Priority Offer is capped at $20 million. Institutional Offer The allocation of Securities among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Stapled Entities.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about 17 October 2019. Refunds (without interest) to Applicants who make an Application and receive an allocation of Securities, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.

Topic	Summary
Will the Securities be quoted on ASX?	The Stapled Entities will apply to ASX within seven days of the Prospectus Date for their admission to the Official List and quotation of Securities on ASX under the code 'HMC'. It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion is conditional on the ASX approving this application. If permission is not granted for the official quotation of the Securities on ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer may be withdrawn and all Application Monies received by HomeCo will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Stapled Entities to the Official List is not to be taken as an indication of the merits of HomeCo or the Securities offered for subscription.
When are the Securities expected to commence trading?	It is expected that trading of the Securities on ASX will commence (initially on a conditional and deferred settlement basis) on 14 October 2019. Trades occurring on ASX before the date on which the Securities are issued will be conditional on settlement of the Offer and the issue of Securities occurring ("**Conditions**"). Conditional and deferred settlement trading will continue until the Stapled Entities have advised ASX that the Conditions have been satisfied, which is expected to be on 16 October 2019. If the Conditions have not been satisfied by the end of the conditional and deferred settlement trading period or the Offer is withdrawn, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing. Following satisfaction of the Conditions, trading on ASX will be on an unconditional but deferred settlement basis until the Company has advised ASX that initial holding statements have been dispatched to Securityholders. Trading on ASX is expected to commence on a normal settlement basis on 18 October 2019. Following the issue of Securities, successful Applicants will receive a holding statement setting out the number of Securities issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on 17 October 2019. It is the responsibility of each Applicant to confirm their holding before trading in Securities. Applicants who sell Securities before they receive an initial holding statement do so at their own risk. The Stapled Entities, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Securities before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the HomeCo Offer Information Line, by a Broker or otherwise.
Are there any escrow arrangements?	Yes. Details are provided in Section 14.4.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Section 14.11.
Are there any tax considerations?	Yes. Details are provided in Section 12.

Topic	Summary
Is there any brokerage or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Securities under the Offer. See Section 13.1.2 for details of various fees payable by the Stapled Entities to the Joint Lead Managers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the HomeCo Offer Information Line on 1800 237 687 within Australia and +61 1800 237 687 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether HomeCo is a suitable investment for you, you should consult with your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

9.8. Broker Firm Offer

9.8.1. Who can apply?

The Broker Firm Offer is open to Australian resident retail clients and New Zealand sophisticated retail clients of participating Brokers who have a registered address in Australia or New Zealand respectively and who received an invitation from a Broker to acquire Securities under this Prospectus and are not in the United States and are not US Persons. You should contact your Broker to determine whether you can receive an allocation of Securities under the Broker Firm Offer.

9.8.2. How to apply

If you have received an invitation to apply for Securities from your Broker and wish to apply for those Securities under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form, or download a copy at www.homeconsortium.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney Time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the back of the Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Broker Firm Offer is $2,000 worth of Securities in aggregate and in increments of at least $500 thereafter. There is no maximum Application size under the Broker Firm Offer. The Stapled Entities, in consultation with the Joint Lead Managers, reserves the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Securities. The Stapled Entities may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Stapled Entities, the Joint Lead Managers, the Co-Managers and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (Sydney Time) on 1 October 2019 and is expected to close at 5.00pm (Sydney Time) on 9 October 2019. The Stapled Entities and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

9.8.3. How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

9.8.4. Allocation policy

The allocation of Securities to Brokers was determined by the Joint Lead Managers and the Stapled Entities. Securities which were allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Joint Lead Managers and the Stapled Entities to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Securities among their retail clients, and they (and not the Joint Lead Managers, the Co-Managers or HomeCo) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Securities.

Applicants in the Broker Firm Offer will be able to call the HomeCo Offer Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) from 8.30am to 5.30pm (Sydney Time), Monday to Friday to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Securities before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the HomeCo Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

9.9. Priority Offer

9.9.1. Who can apply?

The Priority Offer is open to selected investors nominated by the Stapled Entities in eligible jurisdictions who have received a Priority Offer invitation to acquire Securities under this Prospectus. If you are a Priority Offer Applicant, you will receive (or have received) a personalised invitation to apply for Securities in the Priority Offer. The Priority Offer is not open to persons who are in the United States or are US Persons.

9.9.2. How to apply

If you have received a personalised invitation to apply for Securities under the Priority Offer and you wish to apply for all or some of those Securities, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate Offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Securities are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 9 October 2019 and it is your responsibility to ensure that this occurs.

Applications under the Priority Offer must be for a minimum of $2,000 worth of Securities in aggregate and in increments of at least $500 thereafter. Your personalised invitation may indicate the maximum amount of Securities that you may apply for.

9.9.3. How to pay

Payment may be made via BPAY® or another method approved by the Stapled Entities. Application monies must be received by the Registry by 5:00pm (Sydney Time) on 9 October 2019. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

9.9.4. Allocation policy

The allocation of Securities among Applicants in the Priority Offer will be determined by HomeCo (in consultation with the Joint Lead Managers). The Priority Offer is capped at $20 million. There is no assurance that any Applicant will be allocated any Securities, or the number of Securities for which the Applicant applied.

9.10. Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by you to HomeCo to apply for Securities in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Stapled Entities in respect of the full or a lesser number of Securities specified in the Application Form (or the dollar value equivalent), without further notice to the Applicant. The Stapled Entities reserve the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

The Stapled Entities reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued Securities at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Securities on ASX on an unconditional basis.

9.11. Application Monies

The Stapled Entities reserve the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Retail Offer will be held in a special purpose account until Securities are issued to successful Applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser number of Securities than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Securities calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Securities to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Stapled Entities.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s) or BPAY® payment. If the amount of your cheque(s), BPAY® or other permitted payment for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Securities or your Application may be rejected.

9.12. Institutional Offer

9.12.1. Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Securities under this Prospectus. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer. Amongst other investors, leading Australian retail and property investor Marc Besen AC has been allocated a cornerstone allocation in the Institutional Offer.

9.12.2. Allocation policy under the Institutional Offer

The allocation of Securities among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Stapled Entities. The Joint Lead Managers and the Stapled Entities had absolute discretion regarding the basis of allocation of Securities among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Securities, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- the timing and level of engagement by the Applicant with the Stapled Entities;
- number of Securities bid for by particular Applicants;

- the timeliness of the bid by particular Applicants;
- HomeCo's desire for an informed and active trading market following Completion;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Securityholders; and
- any other factors that the Stapled Entities and the Joint Lead Managers considered appropriate.

9.13. Acknowledgements of Applicants

By submitting an Application, each Applicant under the Offer acknowledges and agrees as follows:

- that the Applicant personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and read each document in full;
- that the Applicant has received and completed their Application Form in accordance with this Prospectus and the instructions on the Application Form;
- that all details provided and statements in their Application Form are complete and accurate and not misleading (including by omission);
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- that, once the Stapled Entities or a Broker receives an Application Form, it may not be withdrawn;
- that it has applied for the number of Securities (or equivalent dollar amount) shown on the front of the Application Form;
- to being allocated and issued the number of Securities applied for (or a lower number allocated in a way described in this Prospectus), or no Securities at all;
- to become a member of Home Consortium Limited and Home Consortium Developments Limited and to be bound by the terms of the Constitutions and the terms and conditions of the Offer;
- that the Stapled Entities, the Joint Lead Managers, the Co-Managers and their respective officers or agents, are authorised to do anything on behalf of the Applicant(s) necessary for Securities to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;
- that, in some circumstances, the Stapled Entities may not pay dividends, or that any dividends paid may not be franked;
- that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Securities are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer, Broker Firm Offer and Priority Offer), or otherwise satisfies the requirements in Section 9.2;
- that the Offer may be withdrawn by the Stapled Entities and/or may otherwise not proceed in the circumstances described in this Prospectus; and
- that if listing does not occur for any reason, the Offer will not proceed.

By submitting an Application, each Applicant in the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Securities have not been, and will not be, registered under the US Securities Act or the securities laws or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States or to US Persons, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States or a US Person;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Securities in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Securities in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Securities are offered and sold.

9.14. Underwriting arrangements

The Offer is fully underwritten. The Joint Lead Managers and the Stapled Entities have entered into an Underwriting Agreement under which the Joint Lead Managers have been appointed as managers and underwriters of the Offer. The Joint Lead Managers have agreed, subject to certain conditions and termination events, to underwrite applications for all Securities under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and its underwriting obligations.

A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 13.1.2.

9.15. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Securities or the Offer or otherwise to permit a public offering of the Securities in any jurisdiction outside of Australia.

This Prospectus does not constitute an offer or invitation to apply for Securities in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The Securities have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold, re-sold, pledged or transferred in the United States or to US Persons except in accordance with US Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable state securities law.

See Section 14.7 for further details regarding international offer restrictions.

9.16. Discretion regarding the Offer

The Stapled Entities may withdraw the Offer at any time before the issue of Securities to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Stapled Entities and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Securities than applied or bid for.

9.17. ASX listing, registers and holding statements, conditional and deferred settlement trading

9.17.1. Application to ASX for listing of HomeCo and quotation of Securities

The Stapled Entities will apply within seven days of the Prospectus Date for admission to the Official List and quotation of the Securities on the ASX. HomeCo's expected ASX code will be 'HMC'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Stapled Entities to the Official List is not to be taken as an indication of the merits of HomeCo or the Securities offered for subscription.

If permission is not granted for the official quotation of the Securities on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Stapled Entities will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Stapled Entities from time to time), the Stapled Entities will be required to comply with the Listing Rules.

9.17.2. CHESS and issuer sponsored holdings

The Stapled Entities have applied (or will apply) to participate in the ASX's Clearing House Electronic Sub-register System ("**CHESS**") and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Securities become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Securities of a Securityholder who is a participant in CHESS or a Securityholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Securities will be registered on the issuer sponsored sub-register.

Following Completion, Securityholders will be sent a holding statement that sets out the number of Securities that have been allocated to them. This statement will also provide details of a Securityholder's Holder Identification Number ("**HIN**") for CHESS holders or, where applicable, the Security holder Reference Number ("**SRN**") of issuer sponsored holders.

Securityholders will subsequently receive statements showing any changes to their securityholding. Certificates will not be issued.

Securityholders will receive subsequent statements shortly after the end of the month in which there has been a change to their holding and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Securityholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. HomeCo and the Registry may charge a fee for these additional issuer sponsored statements.

9.17.3. Conditional and deferred settlement trading and selling Securities on market

It is expected that trading of the Securities on ASX on a conditional and deferred settlement basis will commence on 14 October 2019.

Trades occurring on ASX before the date on which the Securities are issued will be conditional on settlement of the Offer, settlement of the Underwriting Agreement and conversion of the Convertible Notes ("**Conditions**").

Conditional and deferred settlement trading will continue until the Stapled Entities have advised ASX that the Conditions have been satisfied, which is expected to be on 16 October 2019.

If the Conditions have not been satisfied by the end of the conditional and deferred settlement trading period or the Offer is withdrawn, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.

Following satisfaction of the Conditions, trading on ASX will be on an unconditional but deferred settlement basis until the Company has advised ASX that initial holding statements have been dispatched to Securityholders. Trading on ASX is expected to commence on a normal settlement basis on 18 October 2019. Following the issue of Securities, successful Applicants will receive a holding statement setting out the number of Securities issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on 17 October 2019.

It is the responsibility of each person who trades in Securities to confirm their own holding before trading in Securities. Investors will be able to confirm their holdings by telephoning the HomeCo Offer Information Line on 1800 237 687 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you sell Securities before receiving a holding statement, you do so at your own risk. The Company, the Share Registry, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, if you sell Securities before receiving your holding statement, even if you obtained details of your holding from the HomeCo Offer Information Line or confirmed your firm allocation through a Broker.

9.18. Enquiries

This Prospectus provides information for potential investors in HomeCo, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in HomeCo, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus should be directed to the HomeCo Offer Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia).

10. Independent Limited Assurance Report

10. Independent Limited Assurance Report

Building a better
working world

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23 September 2019

The Board of Directors
Home Consortium Limited
19 Bay Street
Double Bay NSW 2028

The Board of Directors
Home Consortium Developments Limited
19 Bay Street
Double Bay NSW 2028

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION, STATUTORY FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Home Consortium Limited (“HCL”) and Home Consortium Developments Limited (“HCDL” and collectively “HomeCo” or the “Stapled Entities”) to report on the statutory historical financial information of HCL and the pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of HomeCo for inclusion in the prospectus to be dated on or about 23 September 2019 (the “Prospectus”), and to be issued by HomeCo, in respect of an initial public offering of 97.0 million securities in each of HCL and HCDL at the offer price of $3.35 per security, raising proceeds of approximately $325 million (the “Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001. Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Graeme Browning is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following statutory historical financial information of HCL:

- the statutory historical consolidated statement of profit and loss for the year ended 30 June 2019 as set out in Table 1 of Section 6.3.1 of the Prospectus;

- the statutory historical consolidated balance sheet as at 30 June 2019 as set out in Table 6 of Section 6.6.1 of the Prospectus; and
- the statutory historical consolidated statement of cash flows for the year ended 30 June 2019 as set out in Table 9 of Section 6.8 of the Prospectus

(Hereafter the "Statutory Historical Financial Information").

The Statutory Historical Financial Information has been derived from the financial report of HCL for the year ended 30 June 2019, which was audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued an unqualified audit opinion, which contained a material uncertainty related to going concern, on these financial statements.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS") issued by the Australian Accounting Standards Board ("AASB"), which are consistent with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB").

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of HomeCo:

- the pro forma historical consolidated balance sheet as at 30 June 2019 as set out in Table 6 of Section 6.6.1 of the Prospectus

(Hereafter the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the statutory historical consolidated balance sheet of HCL as at 30 June 2019 adjusted for the effects of pro forma adjustments described in Notes A to C in Section 6.6.1 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2019.

Due to its nature, the Pro Forma Historical Financial Information does not represent HomeCo's actual or prospective financial position.

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Statutory Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the statutory forecast consolidated statement of profit and loss of HomeCo for the year ending 30 June 2020 as set out in Table 1 of Section 6.3.1 of the Prospectus

(Hereafter the "Statutory Forecast Financial Information").

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 6.9 of the Prospectus.

The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is in accordance with the recognition and measurement principles contained in AAS issued by the AASB, which are consistent with International Financial Reporting Standards issued by the IASB.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma forecast financial information of HomeCo:

- the pro forma forecast consolidated statement of profit and loss for the year ending 30 June 2020 as set out in Table 1 of Section 6.3.1 of the Prospectus; and
- the pro forma forecast consolidated funds from operations ("Pro forma forecast consolidated FFO") for the year ending 30 June 2020 ("FY2020") as set out in Table 3 of Section 6.4.1 of the Prospectus

(Hereafter the "Pro Forma Forecast Financial Information")

(the Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is collectively referred to as the "Financial Information").

The pro forma forecast consolidated statement of profit and loss has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Section 6.3.2 of the Prospectus.

The Pro forma forecast consolidated FFO for FY2020 has been derived by adjusting the pro forma forecast net profit after tax for FY2020 on the basis calculated in Section 6.4.1 of the Prospectus.

The pro forma forecast consolidated statement of profit and loss has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the exclusion of certain transactions that are forecast to occur in the period, and (ii) the impact of certain transactions as if they occurred on 1 July 2019.

The Pro forma forecast consolidated FFO has been prepared in accordance with the stated basis of preparation, representing the pro forma forecast consolidated net profit after tax adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, movement in AASB 16 leasehold liabilities and the income tax expense with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual or prospective financial performance and Pro forma forecast consolidated FFO for the year ending 30 June 2020.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

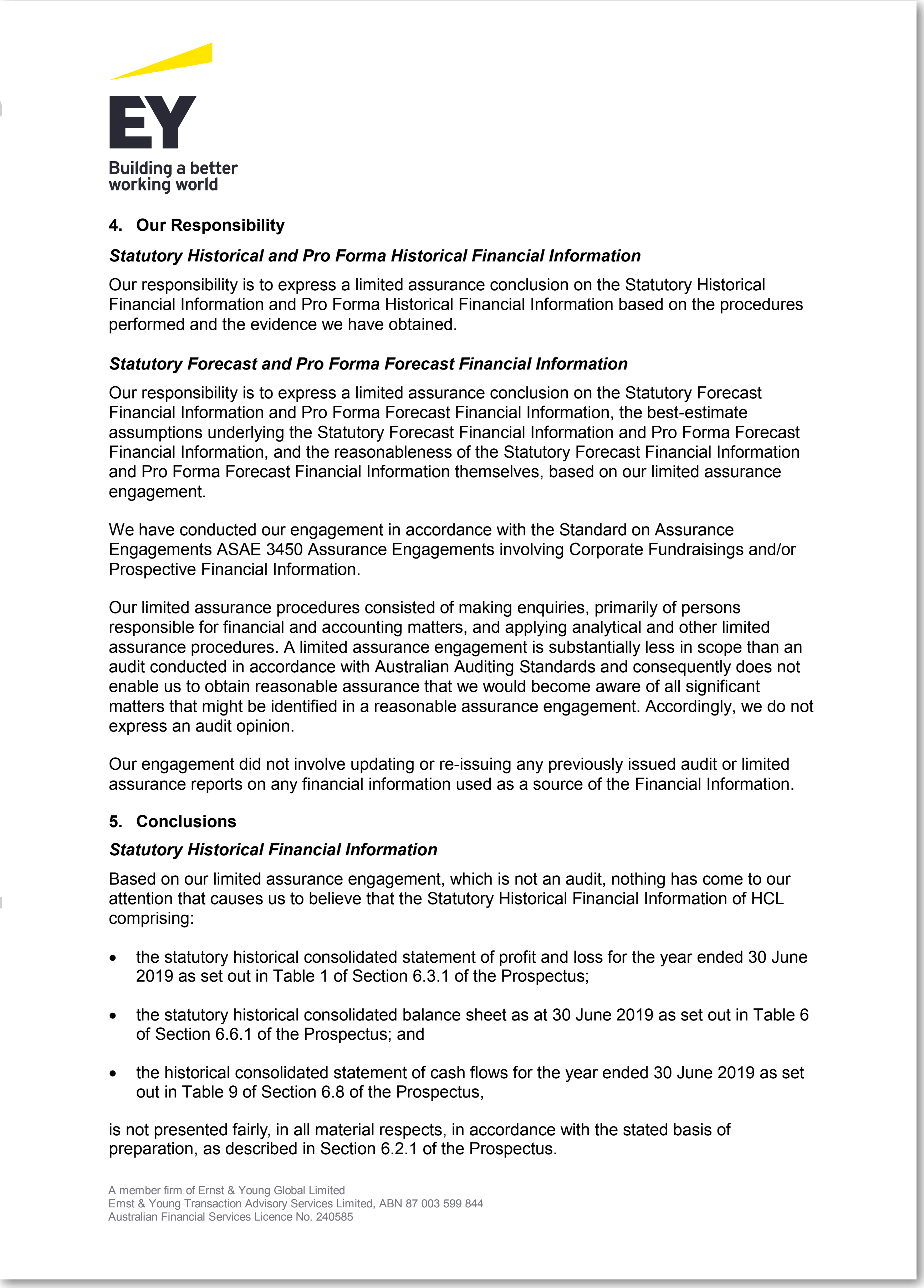
3. Directors' Responsibility

Statutory Historical and Pro Forma Historical Financial Information

The directors of HCL and HCDL (the "Directors") are responsible for the preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Statutory Forecast and Pro Forma Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Statutory Forecast Financial Information for the year ending 30 June 2020, including the basis of preparation and the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for the year ending 30 June 2020, including the basis of preparation, selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Forecast and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.



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4. Our Responsibility

Statutory Historical and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Statutory Forecast and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of HCL comprising:

- the statutory historical consolidated statement of profit and loss for the year ended 30 June 2019 as set out in Table 1 of Section 6.3.1 of the Prospectus;
- the statutory historical consolidated balance sheet as at 30 June 2019 as set out in Table 6 of Section 6.6.1 of the Prospectus; and
- the historical consolidated statement of cash flows for the year ended 30 June 2019 as set out in Table 9 of Section 6.8 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2.1 of the Prospectus.

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Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of HomeCo comprising:

- the pro forma historical consolidated balance sheet as at 30 June 2019 as set out in Table 6 of Section 6.6.1 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2.1 of the Prospectus.

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of HomeCo for the year ending 30 June 2020 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.9 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the Prospectus; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of HomeCo for the year ending 30 June 2020 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.9 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the Prospectus; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

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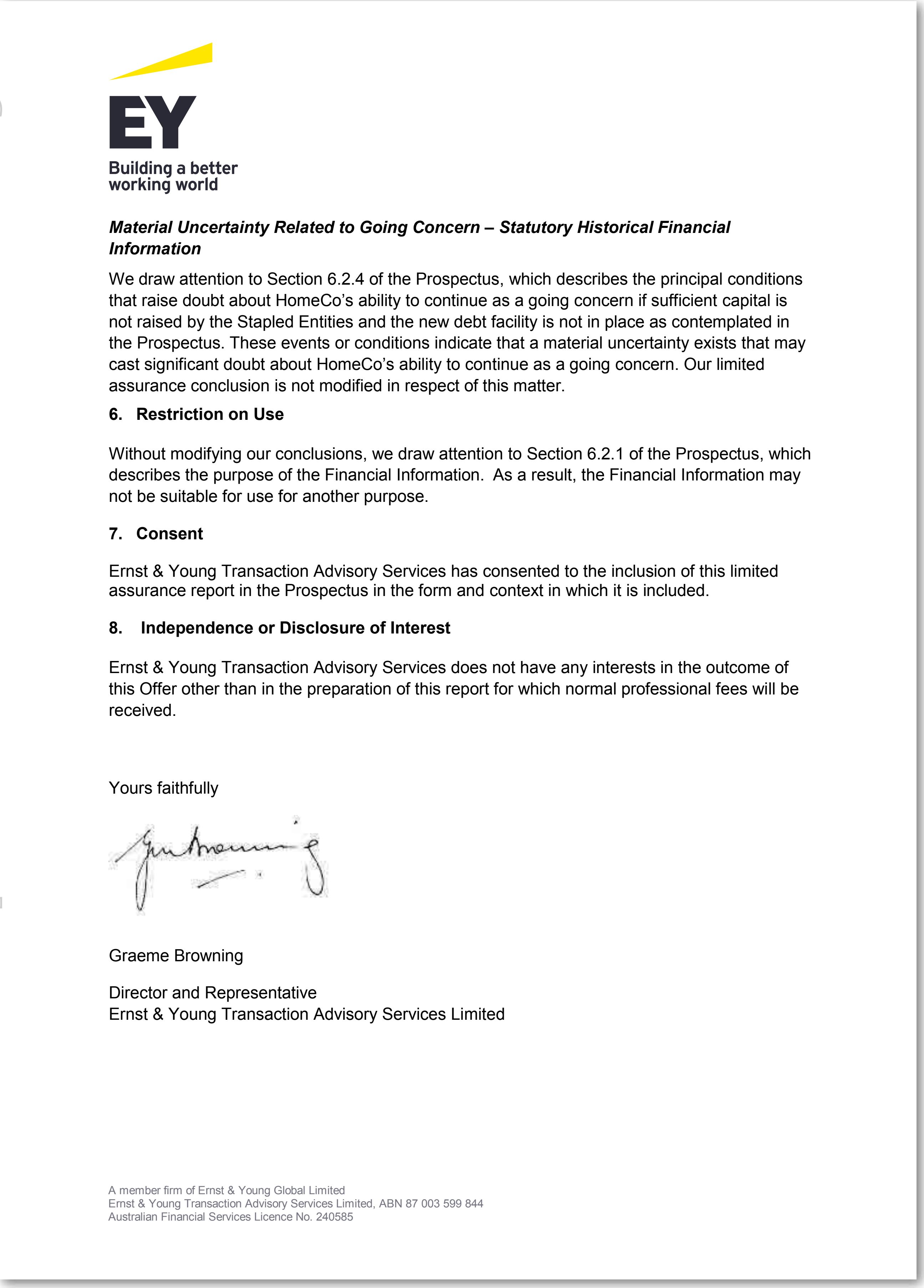
Forecast and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and Pro forma forecast consolidated FFO of HomeCo for the year ending 30 June 2020. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of HomeCo. Evidence may be available to support the Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in HomeCo, which are detailed in the Prospectus and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 8 of the Prospectus. The sensitivity analysis described in Section 6.10 of the Prospectus demonstrates the impact on the Pro forma forecast consolidated FFO of changes in key best-estimate assumptions. We express no opinion as to whether the statutory forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of HomeCo, that all material information concerning the prospects and proposed operations of HomeCo has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.



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Material Uncertainty Related to Going Concern – Statutory Historical Financial Information

We draw attention to Section 6.2.4 of the Prospectus, which describes the principal conditions that raise doubt about HomeCo's ability to continue as a going concern if sufficient capital is not raised by the Stapled Entities and the new debt facility is not in place as contemplated in the Prospectus. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about HomeCo's ability to continue as a going concern. Our limited assurance conclusion is not modified in respect of this matter.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.2.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

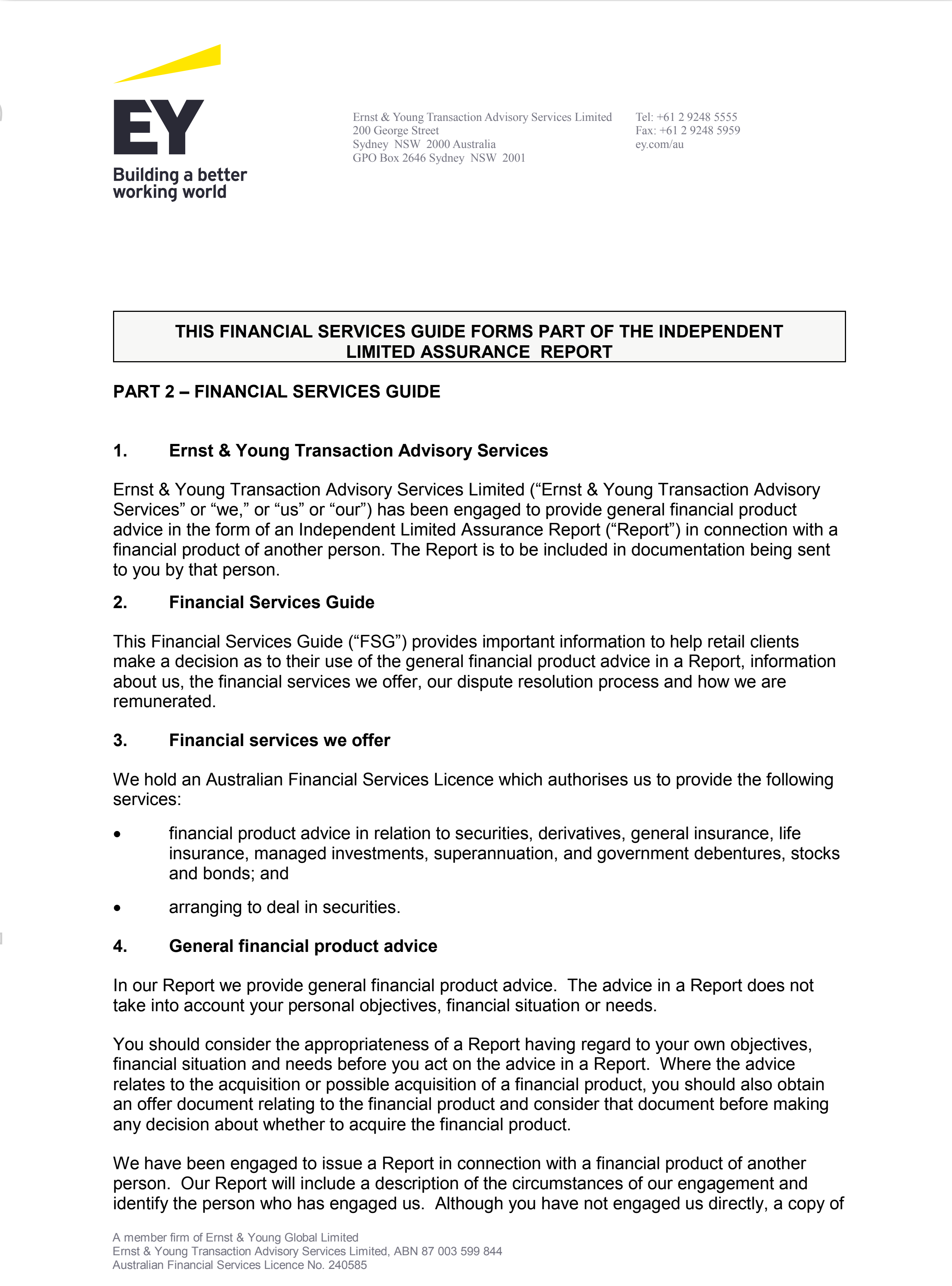
Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Graeme Browning

Director and Representative
Ernst & Young Transaction Advisory Services Limited

A member firm of Ernst & Young Global Limited
Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No. 240585



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Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $110,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in Section 14.8 of this Prospectus, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

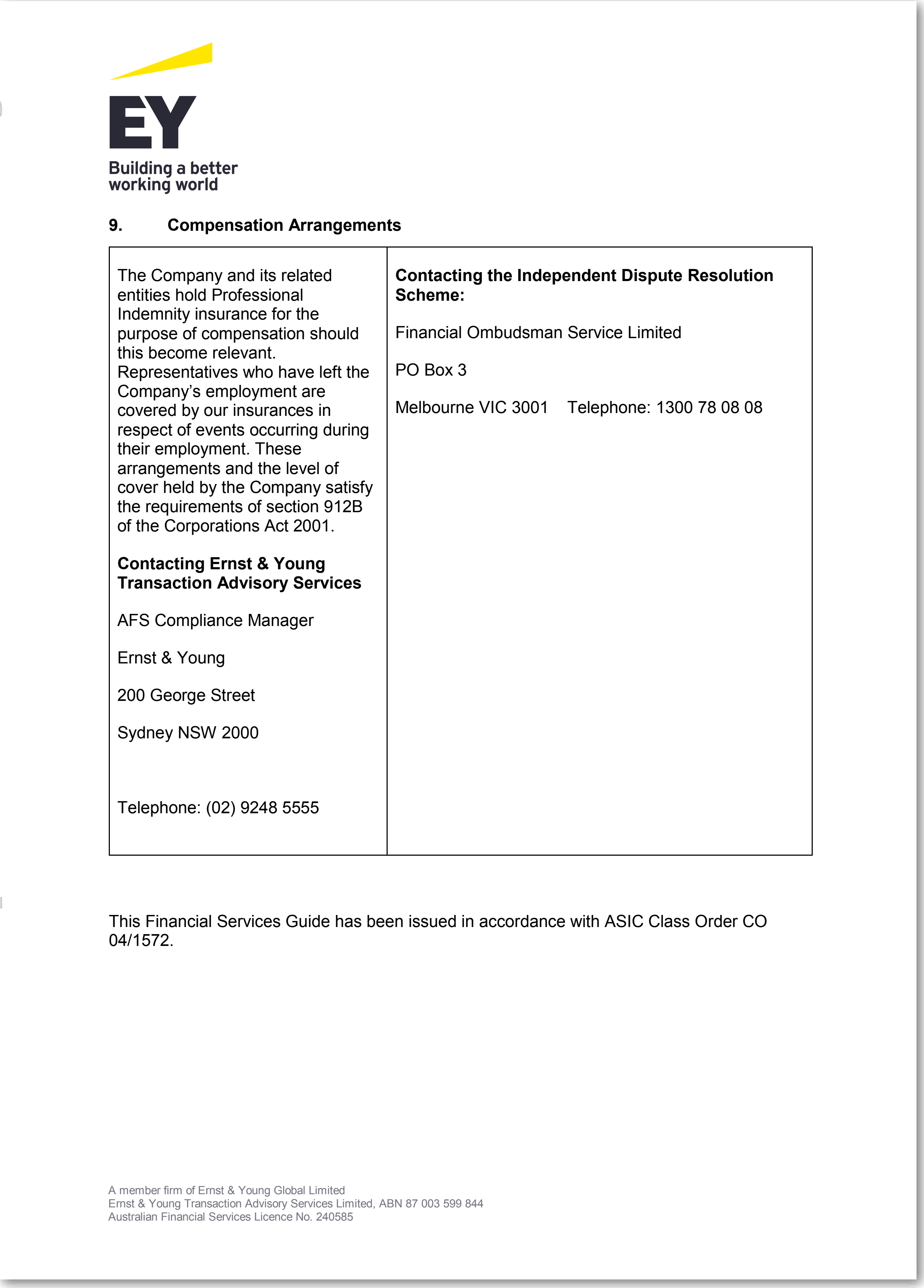
Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.



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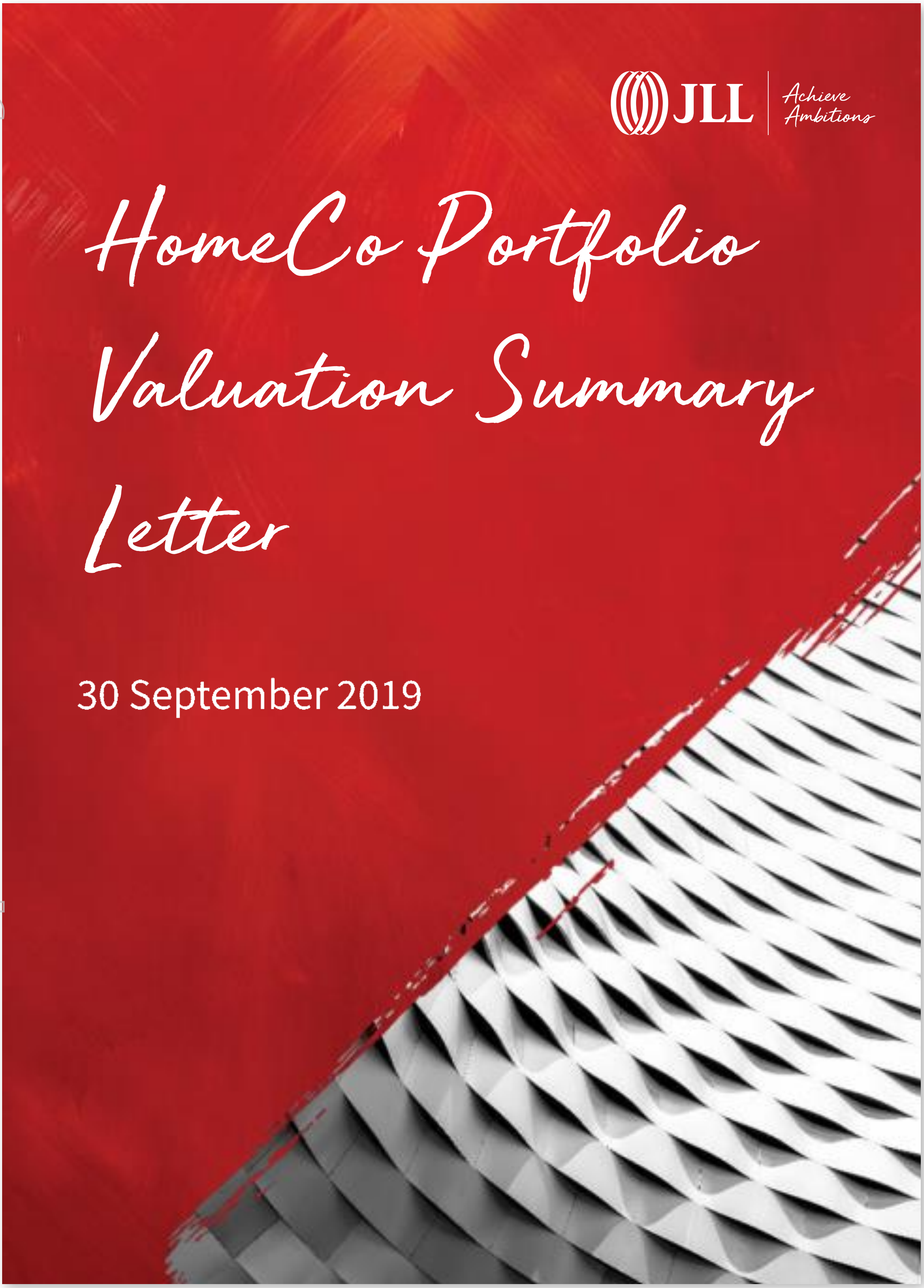
9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001. **Contacting Ernst & Young Transaction Advisory Services** AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	**Contacting the Independent Dispute Resolution Scheme:** Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

A member firm of Ernst & Young Global Limited
Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No. 240585

11.
Summary of Valuation Reports



JLL Achieve Ambitions

HomeCo Portfolio Valuation Summary Letter

30 September 2019

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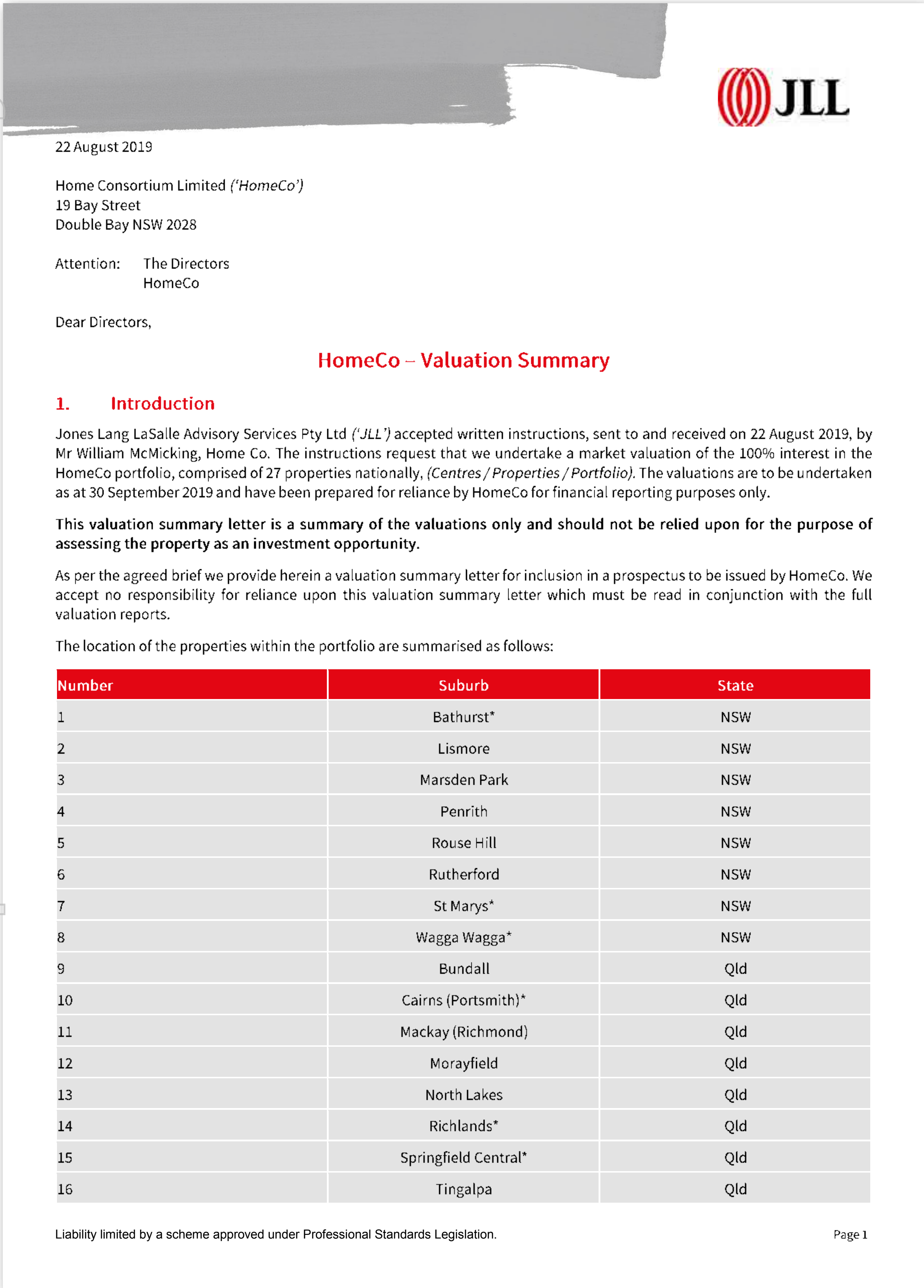


22 August 2019

Home Consortium Limited *('HomeCo')*
19 Bay Street
Double Bay NSW 2028

Attention: The Directors
HomeCo

Dear Directors,

HomeCo – Valuation Summary

1. Introduction

Jones Lang LaSalle Advisory Services Pty Ltd *('JLL')* accepted written instructions, sent to and received on 22 August 2019, by Mr William McMicking, Home Co. The instructions request that we undertake a market valuation of the 100% interest in the HomeCo portfolio, comprised of 27 properties nationally, *(Centres / Properties / Portfolio)*. The valuations are to be undertaken as at 30 September 2019 and have been prepared for reliance by HomeCo for financial reporting purposes only.

This valuation summary letter is a summary of the valuations only and should not be relied upon for the purpose of assessing the property as an investment opportunity.

As per the agreed brief we provide herein a valuation summary letter for inclusion in a prospectus to be issued by HomeCo. We accept no responsibility for reliance upon this valuation summary letter which must be read in conjunction with the full valuation reports.

The location of the properties within the portfolio are summarised as follows:

Number	Suburb	State
1	Bathurst*	NSW
2	Lismore	NSW
3	Marsden Park	NSW
4	Penrith	NSW
5	Rouse Hill	NSW
6	Rutherford	NSW
7	St Marys*	NSW
8	Wagga Wagga*	NSW
9	Bundall	Qld
10	Cairns (Portsmith)*	Qld
11	Mackay (Richmond)	Qld
12	Morayfield	Qld
13	North Lakes	Qld
14	Richlands*	Qld
15	Springfield Central*	Qld
16	Tingalpa	Qld

Number	Suburb	State
17	Toowoomba (Kearneys Spring)	Qld
18	Box Hill South	VIC
19	Braybrook	VIC
20	Keysborough*	VIC
21	Knoxfield	VIC
22	Mornington	VIC
23	Roxburgh Park*	VIC
24	South Morang	VIC
25	Brighton	WA
26	Ellenbrook*	WA
27	Joondalup	WA

The portfolio comprises former Masters Home Improvement Stores which are at varying stages of being repurposed by HomeCo. We highlight that a select number of properties in the portfolio, being those denoted with an asterisk in the table above *(Development Sites)* are yet to be repurposed and that development consent for the adopted reconfigurations remains outstanding by the respective Councils. This comment excludes the property located at Keysborough which is currently under development pursuant to having in place local Council consent.

Our assessment of these properties is subject to various critical assumptions as outlined in Section 5 and 6 of this valuation summary letter.

2. Reliance on this Letter

This letter summarises our full valuation reports, which are dated 30 September 2019, and is subject to the assumptions, limitations and disclaimers contained therein.

The valuations on an 'As Is' basis only, may be relied upon by HomeCo for financial reporting purposes only.

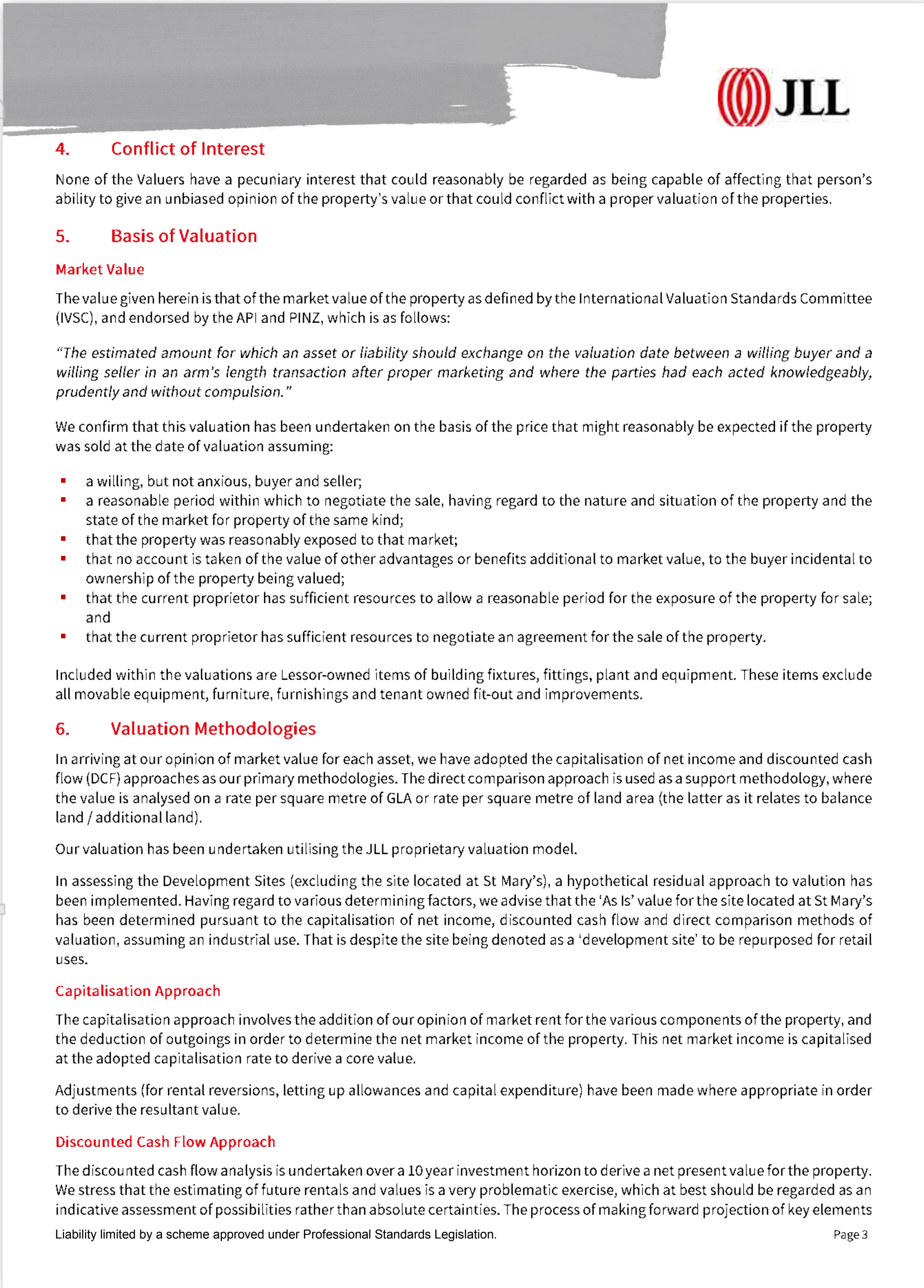
This letter alone does not contain all of the data and supporting information which is included in our report. We accept no responsibility for reliance upon this valuation summary letter, which must be read in conjunction with the full valuation reports, together with all of the risks and critical assumptions contained therein.

3. Valuer's Experience and Interest

The Valuers who prepared the valuation reports are tabled below.

State	Valuer
Queensland	Charles Chapman
New South Wales	John Burdekin and Hanna Clarke
Victoria	Stephen Andrew
Western Australia	Andrew Buchanan

The Valuers have valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute (API) to practise as Valuers in their respective States.



4. Conflict of Interest

None of the Valuers have a pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the property's value or that could conflict with a proper valuation of the properties.

5. Basis of Valuation

Market Value

The value given herein is that of the market value of the property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- that the property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the property.

Included within the valuations are Lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

6. Valuation Methodologies

In arriving at our opinion of market value for each asset, we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches as our primary methodologies. The direct comparison approach is used as a support methodology, where the value is analysed on a rate per square metre of GLA or rate per square metre of land area (the latter as it relates to balance land / additional land).

Our valuation has been undertaken utilising the JLL proprietary valuation model.

In assessing the Development Sites (excluding the site located at St Mary's), a hypothetical residual approach to valution has been implemented. Having regard to various determining factors, we advise that the 'As Is' value for the site located at St Mary's has been determined pursuant to the capitalisation of net income, discounted cash flow and direct comparison methods of valuation, assuming an industrial use. That is despite the site being denoted as a 'development site' to be repurposed for retail uses.

Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the property, and the deduction of outgoings in order to determine the net market income of the property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

Adjustments (for rental reversions, letting up allowances and capital expenditure) have been made where appropriate in order to derive the resultant value.

Discounted Cash Flow Approach

The discounted cash flow analysis is undertaken over a 10 year investment horizon to derive a net present value for the property. We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Our revenue projections commence with the passing rent for the property and, where relevant, include structured annual and market rent reviews together, as provided for under the respective leases.

The property's anticipated terminal sale price at the end of the 10 year cash flow period is also discounted to its present value at a market derived discount rate and added to the discounted income stream (i.e. 10 years) to arrive at the total present market value of the property.

We have applied a terminal yield to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes rental reversions if appropriate.

In estimating the terminal value we have had regard to assumed stable market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Given the difficulty in projecting long range forecasts, we have assumed stable market conditions would be prevalent. Long term cyclical factors will undoubtedly influence and govern the actual market conditions and appropriate terminal sale capitalisation rate that should be applied.

Direct Comparison Approach

The direct comparison approach to valuation compares the property to sales of similar properties and analyses on a rate per square metre of GLA or rate per square metre of land area (the latter as it relates to balance land / additional land).

When analysing the sales evidence, we have taken into consideration the location attributes, building improvements, lease terms and conditions, access, zoning, date of purchase etc. of the sales and we have compared them to the Subject.

Hypothetical Residual Approach

In assessing the Development Sites (excluding that located at St Mary’s), a hypothetical residual approach to valution has been implemented whereby we have assessed the ‘As if Complete’ value of each and applied a capital deduction for the estimated cost to complete, based upon information provided to us. An allowance for profit and risk has similarly been incorporated as a capital deduction. We note this allowance varies from site to site as deemed appropriate by the Valuer.

Our estimate of value ‘As if Complete’ is based on the assumptions as outlined below:

- That each property is developed fully into the proposed development that has been indicated to us;
- That each development is completed in a good workman like manner in accordance with all Council requirements and both current and pending approvals;
- That all fire and electrical services meet the Building Code of Australia requirements;
- That Certificates of Occupancy are provided by the relevant authority upon completion of all construction and relevant fit-out works;
- That construction is carried out to a standard suitable for the proposed uses, meeting the Building Code of Australia requirements and any other legal requirement(s); and
- That the proposed development works will comply with appropriate statutory, building and fire safety regulations.

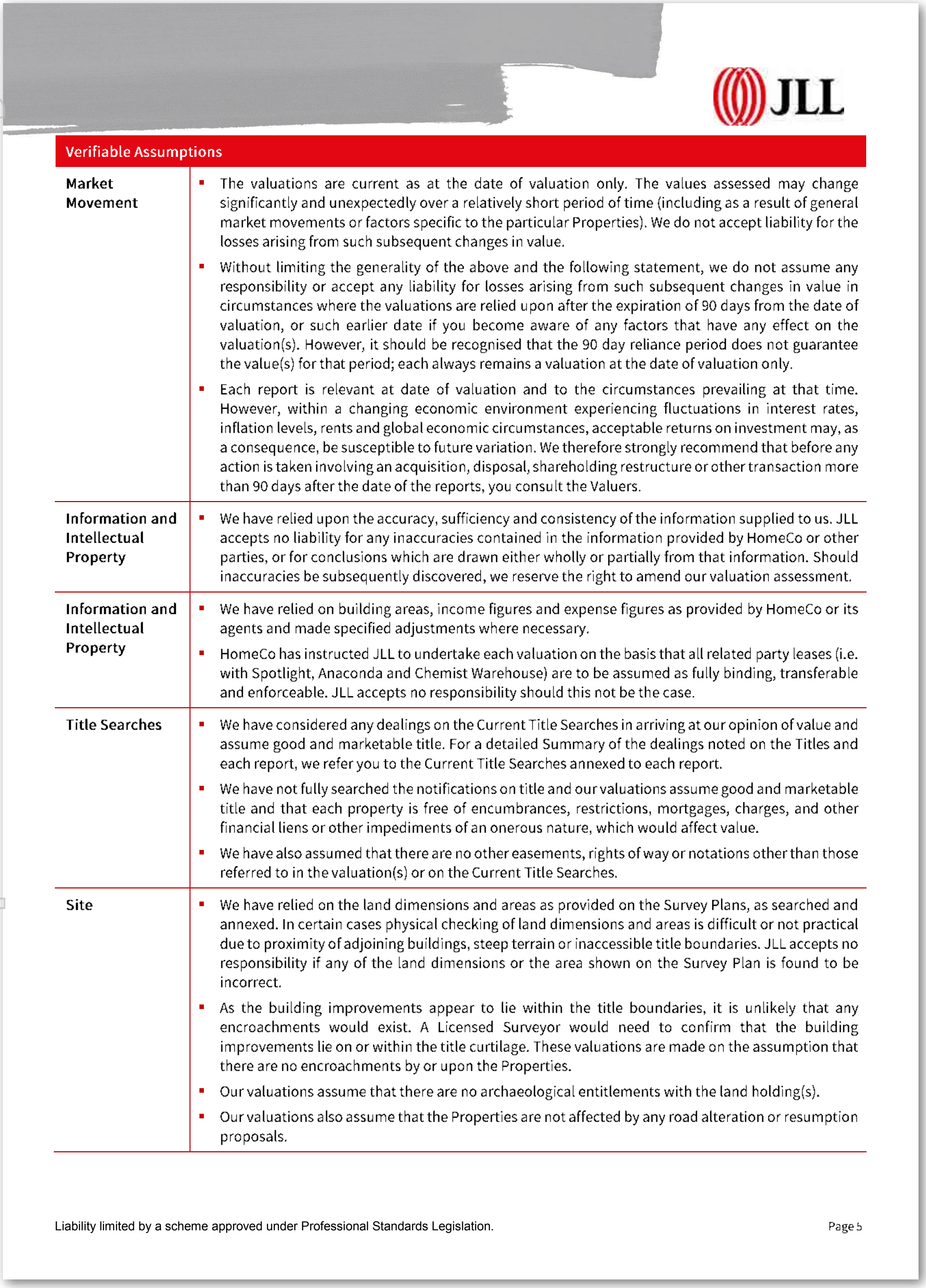
Due to various critical assumptions, we advise that under no circumstances is the ‘As if Complete’ assessments suitable for reliance for any purpose.

7. Critical Assumptions, Conditions and Limitations

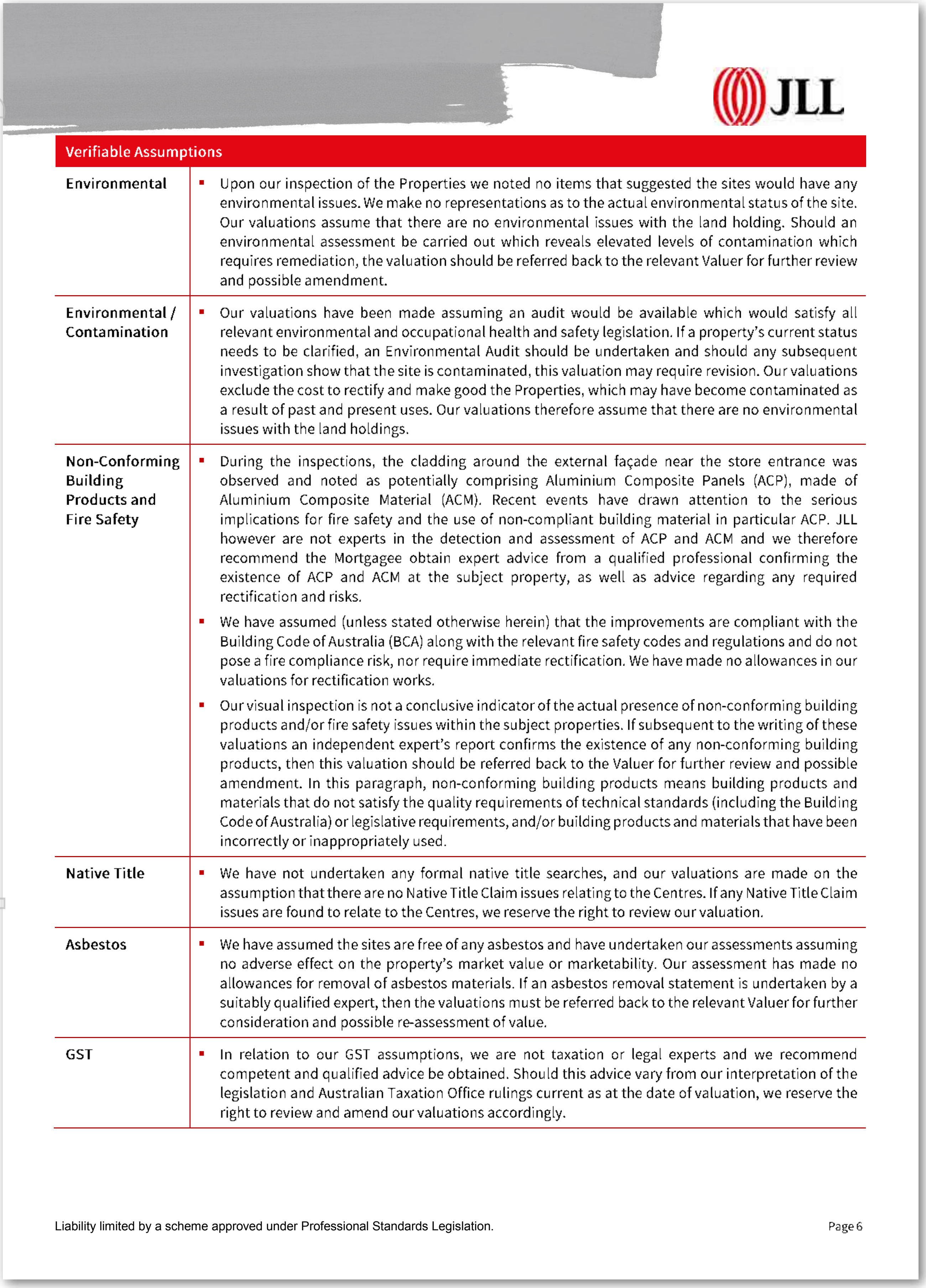
In the preparation of the valuation assessments we have made a variety of key assumptions and important comments. In this regard we advise that the entire reports, including annexures, must be read and understood by the nominated parties to whom reliance is extended so that the various assumptions and comments are understood in the context of the adopted valuation.

Should the parties to the reports have any concerns or queries regarding the contents or key assumptions made in the preparation of the valuations, those issues should be promptly directed to the nominated Valuers for comment and review.

Key Assumptions and Important Comments are outlined below and overleaf:

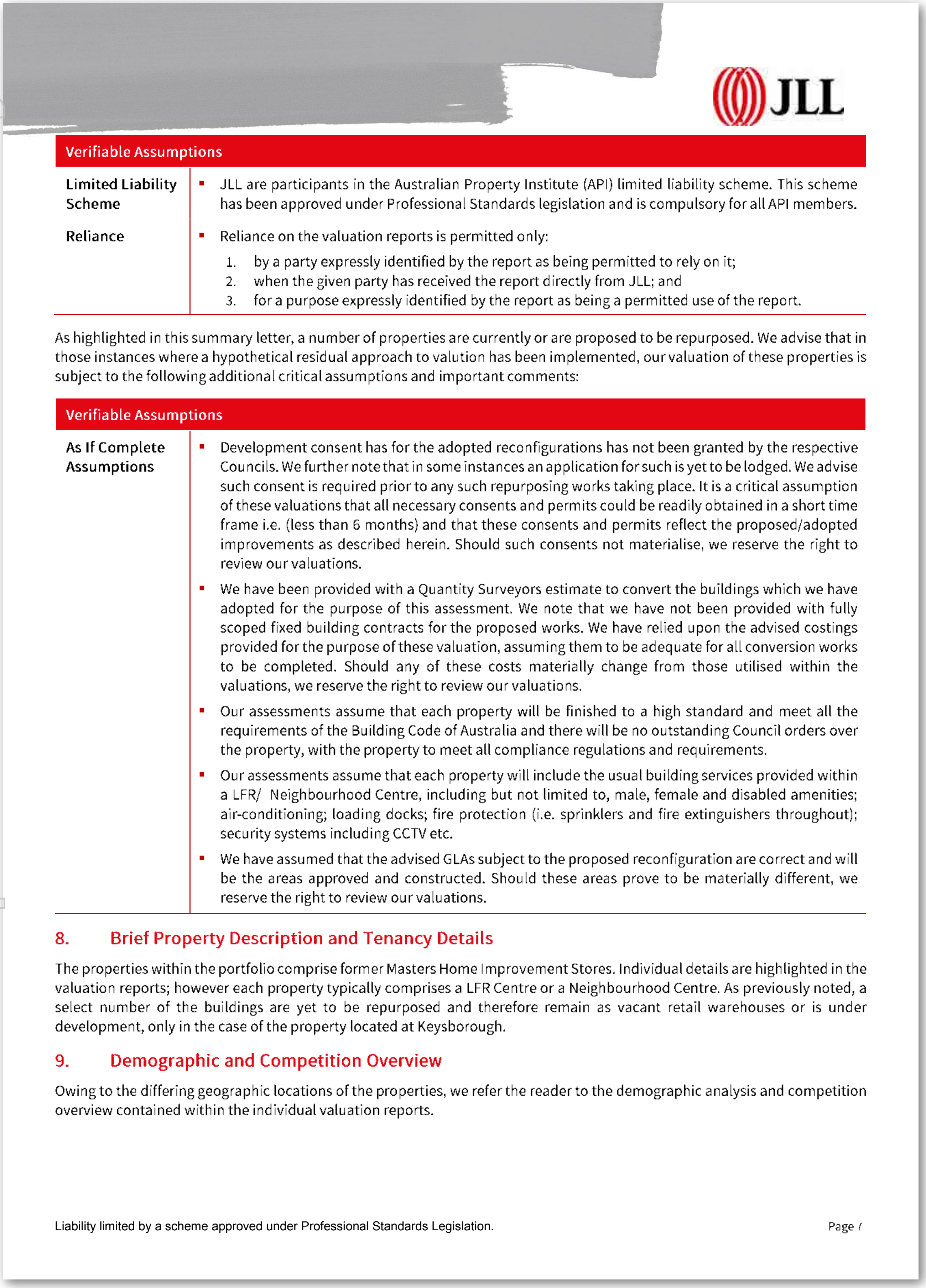


Verifiable Assumptions	
Market Movement	- The valuations are current as at the date of valuation only. The values assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular Properties). We do not accept liability for the losses arising from such subsequent changes in value. - Without limiting the generality of the above and the following statement, we do not assume any responsibility or accept any liability for losses arising from such subsequent changes in value in circumstances where the valuations are relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation(s). However, it should be recognised that the 90 day reliance period does not guarantee the value(s) for that period; each always remains a valuation at the date of valuation only. - Each report is relevant at date of valuation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore strongly recommend that before any action is taken involving an acquisition, disposal, shareholding restructure or other transaction more than 90 days after the date of the reports, you consult the Valuers.
Information and Intellectual Property	- We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. JLL accepts no liability for any inaccuracies contained in the information provided by HomeCo or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.
Information and Intellectual Property	- We have relied on building areas, income figures and expense figures as provided by HomeCo or its agents and made specified adjustments where necessary. - HomeCo has instructed JLL to undertake each valuation on the basis that all related party leases (i.e. with Spotlight, Anaconda and Chemist Warehouse) are to be assumed as fully binding, transferable and enforceable. JLL accepts no responsibility should this not be the case.
Title Searches	- We have considered any dealings on the Current Title Searches in arriving at our opinion of value and assume good and marketable title. For a detailed Summary of the dealings noted on the Titles and each report, we refer you to the Current Title Searches annexed to each report. - We have not fully searched the notifications on title and our valuations assume good and marketable title and that each property is free of encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value. - We have also assumed that there are no other easements, rights of way or notations other than those referred to in the valuation(s) or on the Current Title Searches.
Site	- We have relied on the land dimensions and areas as provided on the Survey Plans, as searched and annexed. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. JLL accepts no responsibility if any of the land dimensions or the area shown on the Survey Plan is found to be incorrect. - As the building improvements appear to lie within the title boundaries, it is unlikely that any encroachments would exist. A Licensed Surveyor would need to confirm that the building improvements lie on or within the title curtilage. These valuations are made on the assumption that there are no encroachments by or upon the Properties. - Our valuations assume that there are no archaeological entitlements with the land holding(s). - Our valuations also assume that the Properties are not affected by any road alteration or resumption proposals.



JLL

Verifiable Assumptions	
Environmental	▪ Upon our inspection of the Properties we noted no items that suggested the sites would have any environmental issues. We make no representations as to the actual environmental status of the site. Our valuations assume that there are no environmental issues with the land holding. Should an environmental assessment be carried out which reveals elevated levels of contamination which requires remediation, the valuation should be referred back to the relevant Valuer for further review and possible amendment.
Environmental / Contamination	▪ Our valuations have been made assuming an audit would be available which would satisfy all relevant environmental and occupational health and safety legislation. If a property's current status needs to be clarified, an Environmental Audit should be undertaken and should any subsequent investigation show that the site is contaminated, this valuation may require revision. Our valuations exclude the cost to rectify and make good the Properties, which may have become contaminated as a result of past and present uses. Our valuations therefore assume that there are no environmental issues with the land holdings.
Non-Conforming Building Products and Fire Safety	▪ During the inspections, the cladding around the external façade near the store entrance was observed and noted as potentially comprising Aluminium Composite Panels (ACP), made of Aluminium Composite Material (ACM). Recent events have drawn attention to the serious implications for fire safety and the use of non-compliant building material in particular ACP. JLL however are not experts in the detection and assessment of ACP and ACM and we therefore recommend the Mortgagee obtain expert advice from a qualified professional confirming the existence of ACP and ACM at the subject property, as well as advice regarding any required rectification and risks. ▪ We have assumed (unless stated otherwise herein) that the improvements are compliant with the Building Code of Australia (BCA) along with the relevant fire safety codes and regulations and do not pose a fire compliance risk, nor require immediate rectification. We have made no allowances in our valuations for rectification works. ▪ Our visual inspection is not a conclusive indicator of the actual presence of non-conforming building products and/or fire safety issues within the subject properties. If subsequent to the writing of these valuations an independent expert's report confirms the existence of any non-conforming building products, then this valuation should be referred back to the Valuer for further review and possible amendment. In this paragraph, non-conforming building products means building products and materials that do not satisfy the quality requirements of technical standards (including the Building Code of Australia) or legislative requirements, and/or building products and materials that have been incorrectly or inappropriately used.
Native Title	▪ We have not undertaken any formal native title searches, and our valuations are made on the assumption that there are no Native Title Claim issues relating to the Centres. If any Native Title Claim issues are found to relate to the Centres, we reserve the right to review our valuation.
Asbestos	▪ We have assumed the sites are free of any asbestos and have undertaken our assessments assuming no adverse effect on the property's market value or marketability. Our assessment has made no allowances for removal of asbestos materials. If an asbestos removal statement is undertaken by a suitably qualified expert, then the valuations must be referred back to the relevant Valuer for further consideration and possible re-assessment of value.
GST	▪ In relation to our GST assumptions, we are not taxation or legal experts and we recommend competent and qualified advice be obtained. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of valuation, we reserve the right to review and amend our valuations accordingly.



Verifiable Assumptions	
Limited Liability Scheme	▪ JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.
Reliance	▪ Reliance on the valuation reports is permitted only: 1. by a party expressly identified by the report as being permitted to rely on it; 2. when the given party has received the report directly from JLL; and 3. for a purpose expressly identified by the report as being a permitted use of the report.

As highlighted in this summary letter, a number of properties are currently or are proposed to be repurposed. We advise that in those instances where a hypothetical residual approach to valution has been implemented, our valuation of these properties is subject to the following additional critical assumptions and important comments:

Verifiable Assumptions	
As If Complete Assumptions	▪ Development consent has for the adopted reconfigurations has not been granted by the respective Councils. We further note that in some instances an application for such is yet to be lodged. We advise such consent is required prior to any such repurposing works taking place. It is a critical assumption of these valuations that all necessary consents and permits could be readily obtained in a short time frame i.e. (less than 6 months) and that these consents and permits reflect the proposed/adopted improvements as described herein. Should such consents not materialise, we reserve the right to review our valuations. ▪ We have been provided with a Quantity Surveyors estimate to convert the buildings which we have adopted for the purpose of this assessment. We note that we have not been provided with fully scoped fixed building contracts for the proposed works. We have relied upon the advised costings provided for the purpose of these valuation, assuming them to be adequate for all conversion works to be completed. Should any of these costs materially change from those utilised within the valuations, we reserve the right to review our valuations. ▪ Our assessments assume that each property will be finished to a high standard and meet all the requirements of the Building Code of Australia and there will be no outstanding Council orders over the property, with the property to meet all compliance regulations and requirements. ▪ Our assessments assume that each property will include the usual building services provided within a LFR/ Neighbourhood Centre, including but not limited to, male, female and disabled amenities; air-conditioning; loading docks; fire protection (i.e. sprinklers and fire extinguishers throughout); security systems including CCTV etc. ▪ We have assumed that the advised GLAs subject to the proposed reconfiguration are correct and will be the areas approved and constructed. Should these areas prove to be materially different, we reserve the right to review our valuations.

8. Brief Property Description and Tenancy Details

The properties within the portfolio comprise former Masters Home Improvement Stores. Individual details are highlighted in the valuation reports; however each property typically comprises a LFR Centre or a Neighbourhood Centre. As previously noted, a select number of the buildings are yet to be repurposed and therefore remain as vacant retail warehouses or is under development, only in the case of the property located at Keysborough.

9. Demographic and Competition Overview

Owing to the differing geographic locations of the properties, we refer the reader to the demographic analysis and competition overview contained within the individual valuation reports.

10. Market Commentary

National Neighbourhood Centre Market Overview

Five neighbourhood projects completed in 2Q19, adding 18,900 sqm of retail space to the market. Completions were elevated over the 2016 to 2018 period, ranging from 126,400 sqm – 150,000 sqm. Based on projects in the pipeline (under construction, plans approved and submitted), completions are expected to be steady in 2019 (109,100 sqm) before rebounding in 2020 (153,400 sqm), above the 10-year average of 111,900 sqm.

A number of developers such as Frasers Property Australia and Mirvac have been evolving the traditional neighbourhood shopping centre model to meet evolving retail industry changes, consumer shopping habits and lifestyle trends. 'Super-neighbourhood' shopping centres, such a Frasers' Burwood Brickworks in Melbourne and Mirvac's East Village in Sydney are large convenience based neighbourhood centres with the tenancy mix orientated towards food and beverage and entertainment.

The neighbourhood vacancy rate increased to 4.0% in June 2019 and has fluctuated between 3.8% and 4.6% for the last three years. All markets recorded an increase except Melbourne which declined by 1.6% in the six months to June 2019, and 3.1% annually. Despite the recent increases, in the last 12 months vacancy has fallen in Perth (-1.0 pps), Sydney (-0.8 pps) and Adelaide (-0.4 pps).

All markets (excluding Adelaide) recorded minor positive rental growth over the 12 months to 2Q19 (between 0.3% and 0.7%). Adelaide recorded a notable decline of 7.4% per annum. While non-discretionary retail spending has held up relatively well, supply of neighbourhood shopping centres has been relatively high over the last three years (averaging 140,000 sqm p.a.), weighing on potential for stronger rental growth.

As supermarkets continue to expand their product range and reduce prices it is creating some competitive pressure for specialty retailers. With the entrance of Kaufland into Australia, other supermarkets will feel further pressure and the need to differentiate their product and service offering.

Neighbourhood yields softened in Sydney, Melbourne and Canberra in 2Q19. Both ends of the Sydney and Canberra yield ranges softened by 25 bps over the quarter, while the Melbourne lower end decompressed by 13 bps.

Due to the non-discretionary, population growth-led nature of the sub-sector, there continues to be institutional, offshore and private investor demand for neighbourhood centres. However, selection criteria is narrowing and bank lending criteria remains onerous. Eight assets sold in 2Q19 for AUD 200.8 million. Coburg North Village in Melbourne sold for AUD 47 million on a yield of 4.8%. This is at the tighter end of the Melbourne neighbourhood range of 4.75%-6.38%, partly due to the long WALE of the anchor tenants - Coles supermarket. A private offshore vendor sold the asset to a local private investor.

National LFR Market Overview

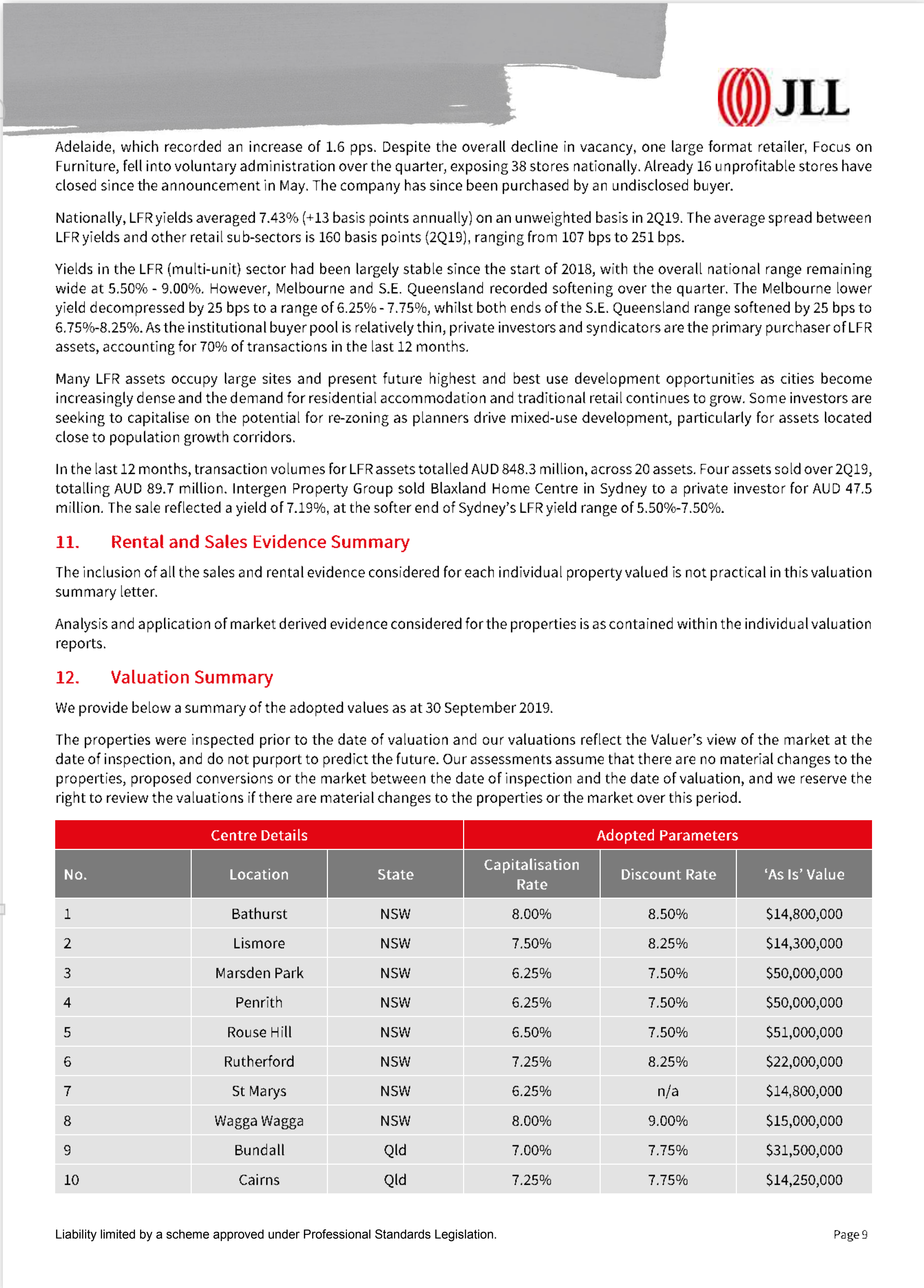
Household goods retail spending growth last peaked at 9.5% (y-o-y) in August 2015 but has been gradually moderating over the last four years. Growth reached a six-year low of 0.6% y o-y as at May 2019. The trend varies by state. Western Australia is contracting significantly while South Australia, Victoria and the ACT are recording relatively strong growth. Qld is recording low positive growth and NSW is recording a minor decline in household goods spending.

The renewed optimism in the residential market will likely support residential development activity and household goods spending based on the historical correlation. Recent loosening of lending restrictions by APRA, combined with a reduction in interest rates and ongoing support for negative gearing through the re-election of the coalition Government in May 2019 have all had a positive impact on the residential market outlook.

LFR multi-unit supply has been low since 2010, averaging approximately 83,800 sqm per annum over that time period. Supply of multi-unit space is expected to average just 60,000 sqm per annum over 2019 and 2020 excluding the impact of the Masters Home Improvement conversions.

Rental growth in the LFR sub-sector is lagging following a slowdown in housing construction and household goods retail spending growth. An improving outlook in the residential market will support rental growth in the medium term. However, the conversion of former-Masters space poses some risk to the leasing market given the amount which will be available for lease.

The national LFR average vacancy rate decreased to 4.9% June 2019, down 0.6 percentage points (pps) from December 2018. Since December 2016, vacancy has ranged from 4.2% to 5.5%. Over 1H19, all markets recorded a decline in vacancy excluding



Adelaide, which recorded an increase of 1.6 pps. Despite the overall decline in vacancy, one large format retailer, Focus on Furniture, fell into voluntary administration over the quarter, exposing 38 stores nationally. Already 16 unprofitable stores have closed since the announcement in May. The company has since been purchased by an undisclosed buyer.

Nationally, LFR yields averaged 7.43% (+13 basis points annually) on an unweighted basis in 2Q19. The average spread between LFR yields and other retail sub-sectors is 160 basis points (2Q19), ranging from 107 bps to 251 bps.

Yields in the LFR (multi-unit) sector had been largely stable since the start of 2018, with the overall national range remaining wide at 5.50% - 9.00%. However, Melbourne and S.E. Queensland recorded softening over the quarter. The Melbourne lower yield decompressed by 25 bps to a range of 6.25% - 7.75%, whilst both ends of the S.E. Queensland range softened by 25 bps to 6.75%-8.25%. As the institutional buyer pool is relatively thin, private investors and syndicators are the primary purchaser of LFR assets, accounting for 70% of transactions in the last 12 months.

Many LFR assets occupy large sites and present future highest and best use development opportunities as cities become increasingly dense and the demand for residential accommodation and traditional retail continues to grow. Some investors are seeking to capitalise on the potential for re-zoning as planners drive mixed-use development, particularly for assets located close to population growth corridors.

In the last 12 months, transaction volumes for LFR assets totalled AUD 848.3 million, across 20 assets. Four assets sold over 2Q19, totalling AUD 89.7 million. Intergen Property Group sold Blaxland Home Centre in Sydney to a private investor for AUD 47.5 million. The sale reflected a yield of 7.19%, at the softer end of Sydney's LFR yield range of 5.50%-7.50%.

11. Rental and Sales Evidence Summary

The inclusion of all the sales and rental evidence considered for each individual property valued is not practical in this valuation summary letter.

Analysis and application of market derived evidence considered for the properties is as contained within the individual valuation reports.

12. Valuation Summary

We provide below a summary of the adopted values as at 30 September 2019.

The properties were inspected prior to the date of valuation and our valuations reflect the Valuer's view of the market at the date of inspection, and do not purport to predict the future. Our assessments assume that there are no material changes to the properties, proposed conversions or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuations if there are material changes to the properties or the market over this period.

Centre Details			Adopted Parameters		
No.	Location	State	Capitalisation Rate	Discount Rate	'As Is' Value
1	Bathurst	NSW	8.00%	8.50%	$14,800,000
2	Lismore	NSW	7.50%	8.25%	$14,300,000
3	Marsden Park	NSW	6.25%	7.50%	$50,000,000
4	Penrith	NSW	6.25%	7.50%	$50,000,000
5	Rouse Hill	NSW	6.50%	7.50%	$51,000,000
6	Rutherford	NSW	7.25%	8.25%	$22,000,000
7	St Marys	NSW	6.25%	n/a	$14,800,000
8	Wagga Wagga	NSW	8.00%	9.00%	$15,000,000
9	Bundall	Qld	7.00%	7.75%	$31,500,000
10	Cairns	Qld	7.25%	7.75%	$14,250,000

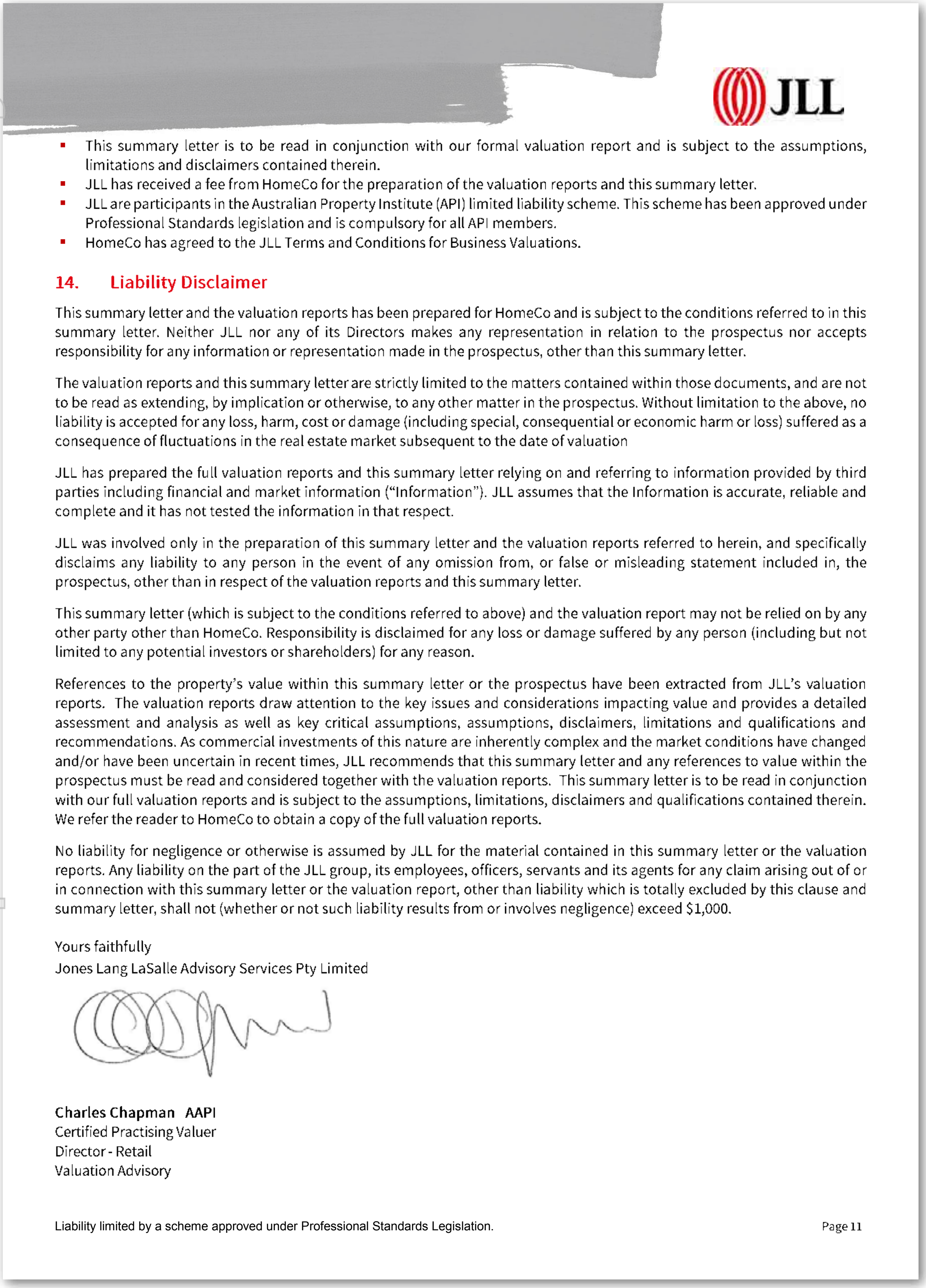
Centre Details			Adopted Parameters		
No.	Location	State	Capitalisation Rate	Discount Rate	'As Is' Value
11	Mackay	Qld	7.75%	8.00%	$25,950,000[1]
12	Morayfield	Qld	7.00%	7.50%	$25,500,000
13	North Lakes	Qld	6.75%	7.75%	$35,000,000
14	Richlands	Qld	7.00%	7.75%	$20,050,000[2]
15	Springfield	Qld	7.00%	7.50%	$11,000,000
16	Tingalpa	Qld	6.75%	7.50%	$30,000,000
17	Toowoomba	Qld	7.25%	8.00%	$26,500,000
18	Box Hill	Vic	6.75%	7.75%	$47,600,000
19	Braybrook	Vic	6.00%	6.50%	$52,700,000
20	Keysborough	Vic	6.75%	7.25%	$24,000,000
21	Knoxfield	Vic	7.00%	8.25%	$27,600,000
22	Mornington	Vic	6.25%	6.50%	$41,400,000
23	Roxburgh Park	Vic	7.50%	8.25%	$17,400,000[3]
24	South Morang	Vic	7.00%	7.75%	$33,000,000
25	Brighton	WA	7.25%	8.00%	$36,350,000
25	Ellenbrook	WA	7.75%	8.25%	$16,500,000
27	Joondalup	WA	7.25%	8.00%	$42,100,000
Total					**$790,300,000**

[1] *Inclusive of balance land totalling $5,700,000.*
[2] *Inclusive of balance land totalling $2,800,000.*
[3] *Inclusive of balance land totalling $4,100,000.*

13. Qualifications

We consent to the inclusion of this Summary letter in the prospectus on the following conditions:

- This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the property as an investment opportunity.
- JLL has not been involved in the preparation of the prospectus nor have we had regard to any material contained in the prospectus. This letter does not take into account any matters concerning the investment opportunity contained in the prospectus.
- JLL has not operated under an Australian Financial Services Licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the prospectus.
- The formal valuations and this summary letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this summary letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this summary letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.



- This summary letter is to be read in conjunction with our formal valuation report and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL has received a fee from HomeCo for the preparation of the valuation reports and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.
- HomeCo has agreed to the JLL Terms and Conditions for Business Valuations.

14. Liability Disclaimer

This summary letter and the valuation reports has been prepared for HomeCo and is subject to the conditions referred to in this summary letter. Neither JLL nor any of its Directors makes any representation in relation to the prospectus nor accepts responsibility for any information or representation made in the prospectus, other than this summary letter.

The valuation reports and this summary letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation

JLL has prepared the full valuation reports and this summary letter relying on and referring to information provided by third parties including financial and market information ("Information"). JLL assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.

JLL was involved only in the preparation of this summary letter and the valuation reports referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the prospectus, other than in respect of the valuation reports and this summary letter.

This summary letter (which is subject to the conditions referred to above) and the valuation report may not be relied on by any other party other than HomeCo. Responsibility is disclaimed for any loss or damage suffered by any person (including but not limited to any potential investors or shareholders) for any reason.

References to the property's value within this summary letter or the prospectus have been extracted from JLL's valuation reports. The valuation reports draw attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, JLL recommends that this summary letter and any references to value within the prospectus must be read and considered together with the valuation reports. This summary letter is to be read in conjunction with our full valuation reports and is subject to the assumptions, limitations, disclaimers and qualifications contained therein. We refer the reader to HomeCo to obtain a copy of the full valuation reports.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation reports. Any liability on the part of the JLL group, its employees, officers, servants and its agents for any claim arising out of or in connection with this summary letter or the valuation report, other than liability which is totally excluded by this clause and summary letter, shall not (whether or not such liability results from or involves negligence) exceed $1,000.

Yours faithfully
Jones Lang LaSalle Advisory Services Pty Limited

Charles Chapman AAPI
Certified Practising Valuer
Director - Retail
Valuation Advisory

12.
Taxation

12. Taxation

The information contained in this summary is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This summary outlines the general Australian taxation implications for Securityholders who acquire Securities under the Prospectus. The categories of Securityholders considered in this summary are limited to resident and non-resident Securityholders who are individuals, complying superannuation entities and companies that hold their investments on capital account.

This summary does not consider the Australian tax consequences that arise for:

- Securityholders that hold their Securities as trading stock or revenue assets, such as financial institutions, insurance companies, and dealers in securities;
- Australian resident Securityholders who hold their Securities as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- Securityholders who are temporary residents or who change their tax residence while holding Securities; or
- Securityholders whose Securities are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements regime).

All Securityholders should seek independent professional advice on the consequences of their participation in the Offer, based on their particular circumstances. Securityholders who are not resident in Australia should also obtain advice on the taxation implications arising in their local jurisdiction of participating in the Offer.

This summary is based on the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999* and related acts, regulations and Australian Taxation Office ("**ATO**") rulings and determinations applicable as at the date of the Prospectus.

12.1. Disposal of Securities

12.1.1. General

The Offer is an initial public offering for the acquisition of Securities – a stapled security each of which comprises one fully paid ordinary share in HCL and one fully paid ordinary share in HCDL.

Notwithstanding that the HCL shares and HCDL shares will be stapled, for capital gains tax (CGT) purposes, they should each be treated as separate CGT assets. Accordingly, where a Securityholder disposes of a Security, for CGT purposes the Securityholder will be taken to have disposed of a HCL share and HCDL share.

12.1.2. Australian residents

Upon disposal of a Security, a Securityholder should make a capital gain if:

- the portion of the capital proceeds reasonably attributable to the HCL share exceeds the cost base of the HCL share; or
- the portion of the capital proceeds reasonably attributable to the HCDL share exceeds the cost base of the HCDL share.

A Securityholder should make a capital loss if:

- the portion of the capital proceeds reasonably attributable to the HCL share is less than the reduced cost base of the HCL share; or
- the portion of the capital proceeds reasonably attributable to the HCDL share is less than the reduced cost base of the HCDL share.

The cost base and reduced cost base of a HCL share or a HCDL share will generally be the amount paid for the acquisition of the share plus certain incidental costs of acquisition and disposal.

Securityholders who acquire Securities under the Offer will need to allocate the Offer Price paid for the Securities, plus incidental costs associated with the acquisition, to the HCL shares and HCDL shares respectively. That is, the total cost base in respect of the acquisition of the Securities should be apportioned between the HCL share and HCDL share on a reasonable basis.

The capital proceeds referable to the disposal of a HCL share and a HCDL share comprising a Security will be determined by apportioning the total capital proceeds received in respect of the disposal of the Security between the HCL share and HCDL share on a reasonable basis.

One way of apportioning the capital proceeds and cost base of a Security is to use the relative net asset values of HCL and HCDL at the time of the CGT event. Information regarding the net asset values of HCL and HCDL will be published on the HomeCo website in due course.

An Australian resident Securityholder who realises a capital gain from the disposal of a Security may be entitled to a CGT discount provided that they have held the Security for at least 12 months prior to the disposal. A CGT discount is only available to individuals (50% discount), trusts (50% discount) and complying superannuation entities (33.33% discount). If the Securityholder is a company, the CGT discount is not available.

If a Securityholder applies a CGT discount, the Securityholder's taxable capital gain (after offsetting any available capital losses) will be reduced by the applicable CGT discount.

An Australian resident Securityholder who realises a capital loss from the disposal of a Security may offset the capital loss against other capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

12.1.3. Non-residents

In relation to non-resident Securityholders, there should not be any CGT consequences on disposal of their Securities unless the Securities (comprising of a HCL share and a HCDL share) are taxable Australian property.

A HCL share or a HCDL share will be taxable Australian property of a non-resident Securityholder where:

1) more than 50% of the value of HCL's or HCDL's assets are attributable to Australian real property and, just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time, the Securityholder, either alone or together with their associates, holds a 10% or greater shareholding interest in HomeCo; or

2) the Securities are used by the Securityholder in carrying on a business through a permanent establishment in Australia.

Where a non-resident Securityholder's Securities in HomeCo are taxable Australian property and the Securityholder makes a capital gain as a result of a disposal of their Securities, the non-resident Securityholder will not be eligible for a CGT discount.

A non-resident Securityholder who realises a capital gain from the disposal of Securities which are taxable Australian property will ordinarily be required to lodge an Australian income tax return including the capital gain, but may be able to offset the capital gain with any available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of any available capital losses, should be subject to Australian income tax at the Securityholder's marginal tax rate.

Where a non-resident Securityholder's Securities in HomeCo are taxable Australian property and the Securityholder makes a capital loss as a result of a disposal of their Securities, the Securityholder may offset the capital loss against capital gains from the disposal of other taxable Australian property realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

12.2. Dividends paid on securities

12.2.1. Australian residents

An Australian resident Securityholder will include in their assessable income dividends paid to the Securityholder by HomeCo. This amount will be taxed to the Securityholder in the income year in which the dividend is paid. In addition to the amount of the dividend, the Securityholder will generally include any franking credit attached to the dividend in their assessable income. Where a franking credit is included in a Securityholder's assessable income, the Securityholder will generally be entitled to a corresponding tax offset.

To be eligible for the franking credit and tax offset, the Securityholder must have held the Securities 'at risk' for at least 45 days (not including the date of the Security's acquisition or disposal). This rule should not apply to a Securityholder if the Securityholder is an individual whose tax offset entitlement (on all Securities and interests in Securities held) does not exceed $5,000 for the income year in which the franked dividend is paid.

Where the Securityholder is an individual, a complying superannuation entity or a registered income tax exempt charity or deductible gift recipient, in certain circumstances the Securityholder may be entitled to a refund of tax to the extent that the franking credits attached to the Securityholder's dividends exceed the Securityholder's tax liability for the income year.

Where the Securityholder is a corporate tax entity, any franked dividends the Securityholder receives will generally give rise to a franking credit in the Securityholder's franking account.

Where the Securityholder is a trustee (other than the trustee of a complying superannuation entity) or a partnership, a beneficiary or partner will be the entity that may be entitled to a tax offset, equal to the beneficiary's or partner's share of the franking credit attributable to the Securityholder.

12.2.2. Non-residents

HomeCo will be required to withhold tax from the unfranked component of dividends paid to a non-resident Securityholder. The tax withheld will, in the absence of a tax treaty between Australia and the Securityholder's country of residence ("**Double Tax Agreement**"), be equal to 30% of the unfranked component of the dividends paid. This rate may be reduced where the Securityholder is a resident of a country with which Australia has concluded a Double Tax Agreement.

No dividend withholding tax is payable on the franked component of a dividend.

12.3. Goods and Services Tax (GST)

No GST should be payable in respect of acquisitions of Securities pursuant to the Offer.

There may be an indirect GST cost for GST registered Securityholders on any costs they incur in respect of the acquisition of Securities, as input tax credits will generally not be available for GST incurred in respect of supplies relating to the dealings with these Securities (e.g. brokerage, legal and other adviser fees). Securityholders who are registered for GST may obtain certain limited input tax credits. This will depend on the circumstances of the particular Securityholder.

12.4. Stamp duty

No stamp duty should be payable by Securityholders on the acquisition of Securities in the Offer. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Securityholders on a subsequent transfer of Securities in the usual course of trading whilst the Securities remain listed on the ASX.

Securityholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

12.5. Tax File Number (TFN) and Australian Business Number (ABN)

A Securityholder is not obliged to quote a TFN, or where relevant, ABN, to HomeCo. However, if an Australian resident Securityholder does not provide their TFN, ABN, or exemption from having to do so, tax will be withheld (currently at a rate of 47%) on the unfranked component of dividends paid to Securityholders. However, such Securityholders will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax return.

13. Summary of Important Documents

13. Summary of Important Documents

HomeCo considers that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in HomeCo under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus. Summaries are included for information only, do not purport to be complete and are qualified by the text of the contracts themselves.

13.1. Material contracts

13.1.1. Lease Mitigation Deed

The Group, through one or more wholly owned subsidiaries, is the tenant to a number of leases and retains primary exposure under the terms of those leases. HomeCo and HIC Trustee have entered into a lease mitigation deed so that the exposure of investors under the Offer to any of those Relevant Leases are mitigated.

Refer to Section 7 for further details.

13.1.2. Underwriting Agreement

The Stapled Entities and the Joint Lead Managers have entered into an underwriting agreement dated 23 September 2019 with respect to the Offer ("**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Stapled Entities have appointed Credit Suisse, Goldman Sachs and J.P. Morgan to act on an exclusive basis as joint lead managers, bookrunners and underwriters of the Offer.

The key terms of the Underwriting Agreement are set out below.

13.1.2.1. Fees and expenses

Under the Underwriting Agreement, the Stapled Entities must pay the Joint Lead Managers an underwriting and management fee equal to 3.0% of the total proceeds from the Offer ("**Offer Proceeds**"), except in respect of Offer Proceeds derived from the issue of new Securities to Foundation Securityholders or pursuant to the Priority Offer (which are subject to an underwriting and management fee equal to 2.0%). In addition, an incentive fee of up to 0.75% of the Offer Proceeds may also be payable by the Stapled Entities to the Joint Lead Managers at the absolute discretion of the Stapled Entities (and in such proportions determined by the Stapled Entities).

Any co-lead managers, co-managers and Brokers may only be appointed in relation to the Offer by the Joint Lead Managers, in agreement with the Stapled Entities. Any such co-lead managers, co-managers and Brokers will be paid fees by the Joint Lead Managers of 1.50% of the amount allocated to them under the Broker Firm Offer and a cash payment by the Stapled Entities of $100,000.

The Stapled Entities must pay, or reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

13.1.2.2. Termination events

A Joint Lead Manager may terminate the Underwriting Agreement by notice to the Stapled Entities and the other Joint Lead Managers on the occurrence of certain termination events (subject to, in the case of some termination events only, satisfaction of specified materiality thresholds) prior to 4.00pm on the Settlement Date. These termination events include, among others:

- a statement contained in the Prospectus is misleading or deceptive or a matter is omitted from the Prospectus;
- the Stapled Entities lodge a supplementary prospectus (other than in accordance with the Underwriting Agreement), or a Joint Lead Manager (acting reasonably) forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act;
- certain ASIC orders are issued or applied for, or certain investigations or hearings are commenced by ASIC in relation to the Offer, the Prospectus, or certain other documents issued by the Stapled Entities in relation to the Offer;
- the Stapled Entities withdraw the Prospectus or the Offer;
- approval is refused or subsequently withdrawn to the Stapled Entities' admission to the official list of the ASX or the official quotation of all of the Securities on ASX;
- an event specified in the Timetable up to and including the Settlement Date is delayed by more than two Business Days (other than a delay agreed to by the Joint Lead Managers);

- the Stapled Entities or one of their related bodies corporate becomes insolvent;
- a director of the Stapled Entities is charged with an indictable offence, public action is taken against a director, or the director is disqualified under the Corporations Act;
- there is a disruption in financial markets in Australia, including an event which is reasonably likely to have a materially adverse effect on certain aspects of the Offer; and
- the Stapled Entities becomes unable, to issue or allot the new Securities.

The Underwriting Agreement also contains a number of customary termination events (i.e. any representation and warranty by the Stapled Entities becoming untrue or incorrect, changes in key management (without the prior consent of the Joint Lead Managers), and an occurrence which constitutes a material adverse change).

13.1.2.3. Undertakings

The undertakings given by the Stapled Entities relate to customary matters including, but not limited to, consultation with the Joint Lead Managers in respect of ASIC or ASX correspondence, notification of breach to the Joint Lead Managers and undertakings that each of the Stapled Entities will:

- until 120 days after Completion, carry on its business and procure that each member of the Group carries on its business in the ordinary course and not dispose of (or permit any member of the Group to dispose of) any material part of its business or property, and not acquire (or permit any other member of the Group to acquire) any business or property except in the ordinary course or as disclosed in this Prospectus;
- until 90 days after Completion, not issue or agree to issue, or indicate in any way that it may or will issue or agree to issue, any Securities or other securities convertible into securities in the Stapled Entities or any other member of the Group (subject to certain exceptions), without the prior written consent of the Joint Lead Managers; and
- until 120 days after Completion, not alter the capital structure of the Stapled Entities or amend the Constitutions without the prior written consent of the Joint Lead Manager (such consent not to be unreasonably withheld or delayed), or as otherwise disclosed in this Prospectus.

13.1.2.4. Representations and warranties

Under the Underwriting Agreement, the Stapled Entities provide to the Joint Lead Managers certain customary representations and warranties, including in relation to each Stapled Entity’s corporate authority, power and authorisations.

The Stapled Entities also provide additional representations and warranties, including that the Prospectus complies with the Corporations Act, there are no misleading or deceptive statements in the Prospectus, and the Stapled Entities have not engaged in misleading or deceptive conduct with respect to the Offer and the Prospectus. Representations and warranties are also given in relation to the assets, liabilities, financial position and business conduct of the Stapled Entities.

13.1.2.5. Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, wilful misconduct or fraud by the Joint Lead Managers (and certain affiliated parties), the Stapled Entities indemnify the Joint Lead Managers (and certain affiliated parties) against all losses suffered directly or indirectly, or claims made against the Joint Lead Managers (or certain affiliated parties), in connection with the Offer and the Prospectus or certain other documents issued in connection with the Offer.

13.1.3. Debt Facilities

13.1.3.1. Documentary Framework for Debt Facilities

The Debt Facilities will be governed by a number of material contracts including:

- **Syndicated Facility Agreement:** the Syndicated Facility Agreement governs the terms and conditions on which the lenders agree to provide the Debt Facilities to HCL. The Syndicated Facility Agreement contains a range of general terms and conditions that are customary for secured debt facilities of this nature, including:
  - a joint and several guarantee from HomeCo and each of its subsidiaries (the “**Obligors**”) of each Obligor’s obligations under the Syndicated Facility Agreement and related finance documents;
  - financial covenants;
  - information and other general undertakings;
  - representations and warranties;

  - events of default and review events; and
  - provisions dealing with taxes, costs, indemnities, confidentiality and other matters.
- **Security documents:** all amounts owing under the Debt Facilities will be secured by the following security granted in favour of a security trustee who holds the security for the benefit of the secured parties (which includes the lenders, the security trustee, the agent, the arrangers and any hedge counterparty in connection with the Debt Facilities) (the "**Security**"):
  - first ranking registered real property mortgages over all of the freehold properties in the Portfolio;
  - first ranking real property mortgages over the majority of the Leasehold Properties in the Leasehold Portfolio; and
  - first ranking "all asset" general security deeds in respect of all present and future assets and undertakings of HomeCo and the other Obligors, including security over all shares and units in each Obligor other than HomeCo.

  The terms of the Security are considered customary for secured debt facilities of this nature. The Security is subject to the Priority Deed between, among others, Woolworths as junior creditor and Credit Suisse AG, Sydney Branch as senior creditor and agent for HomeCo's current senior and mezzanine debt facilities, as further described in Section 7.1.
- **Security Trust Deed:** the Security Trust Deed which governs how the Security is held by the security trustee on trust in favour of itself, the lenders, the agent, the arrangers and any hedge counterparty in connection with the Debt Facilities, which parties constitute the trust beneficiaries. The Security Trust Deed also documents the order in which secured creditors of HomeCo (and the other Obligors) will be repaid, should the Security be enforced. The Security Trust Deed contains terms that are customary for secured debt facilities of this nature including, but not limited to:
  - duties and remuneration of the Security Trustee;
  - indemnities in favour of the Security Trustee by the beneficiaries and the Obligors; and
  - ranking and distribution of money received on enforcement of the Security.

Both of Credit Suisse AG, Sydney Branch and Goldman Sachs Australia Financial Services Pty Ltd are, amongst others, lenders to HCL pursuant to the existing debt facilities (which are to be refinanced from the proceeds of the Debt Facilities and the Offer). In relation to the Debt Facilities, Credit Suisse AG, Sydney Branch, Goldman Sachs Mortgage Company and J.P Morgan Chase Bank, N.A., Sydney Branch are, amongst others, underwriters and each of those entities, or a related body corporate, is a mandated lead arranger. Those entities will receive fees for acting in their capacities as underwriters of the facilities, in addition to interest and other fees they will receive in their capacities as lenders.

13.1.3.2. Key Terms of Debt Facilities

The key terms of the Debt Facilities under the Syndicated Facility Agreement are summarised below.

Approved purpose

The Debt Facilities may be used for approved purposes which include:

- the refinance of HomeCo's existing senior and mezzanine debt facilities, including associated costs, fees and expenses;
- capital expenditure, including with respect to the acquisition of freehold properties and expenditure associated with improving centres; and
- general corporate purposes of HomeCo.

Interest rate

The rate of interest charged on HomeCo's borrowings under the Debt Facilities will be comprised of a base interest rate plus a variable interest rate margin. The applicable margin for each tranche of the Debt Facilities is determined by the then prevailing loan to value ratio: a higher loan to value ratio results in a higher margin while a lower loan to value ratio results in a lower margin.

Conditions precedent

The provision of commitments and participation in the initial drawdown of the Debt Facilities by the lenders will be subject to the satisfaction of a number of conditions precedent which are customary for secured debt facilities of this nature, and includes, but are not limited to, the following:

- evidence that the existing senior and mezzanine debt facilities of HomeCo have been, or will simultaneously be, repaid and cancelled in full on the date of initial drawdown;
- providing constitutional and corporate approval documents to the lenders;
- legal opinions being issued to the lenders;
- delivery of independent valuation reports on the mortgaged real property;
- the closing of the initial public offering of HomeCo and confirmation that HomeCo is listed and quoted on the ASX;
- evidence that the insurances required under the Syndicated Facility Agreement have been taken out and are in full force and effect;
- copies of HomeCo's group structure chart, board approved interest rate hedging policies, financial statements and funds flow statement and this Prospectus;
- evidence that all fees and expenses which are then due and payable under the finance documents have been, or will be paid on financial close;
- provision of all title documents (including any real property certificates of title) relating to the secured property under the Security together with withdrawals of caveats and security interests over the mortgaged real properties (other than the Security); and
- evidence that no less than $60 million has been credited into the LMA described in Section 7.4, and the LMA is subject to security in favour of the Security Trustee.

Key undertakings

The Syndicated Facility Agreement will contain certain standard undertakings which are customary for secured debt facilities of this nature, and will include, but are not limited to, the following undertakings:

- information undertakings;
- undertakings in respect of compliance with certain financial covenants in relation to loan to value, interest cover ratios and liabilities to assets;
- undertakings on environmental and social matters;
- assets in good and substantial repair and condition, in good working order and in accordance with industry practice;
- subject to certain customary exceptions, restrictions on the ability to dispose of any asset;
- subject to certain customary exceptions including the Security, restrictions on the creation or permitting of security interests;
- restrictions on the making of a distribution in respect of any financial year greater than a specified amount, other than a permitted profit reserve distribution, and a prohibition on the declaration of a distribution if an event of default is subsisting;
- undertaking as to insurance;
- various undertakings in respect of certain material documents (which includes the Leasehold Mitigation Deed and the Woolworths Transaction Documents) including requirements to comply with their terms and take all reasonable action to enforce them, not amend or waive their requirements or avoid, release, terminate, rescind or discharge them (other than by performance);
- provision of an updated valuation of each freehold real property in the Portfolio at least once every two years, with approximately 50% of the Portfolio being valued every 12 months over the term of the Debt Facilities;
- undertakings in respect of the maintenance and operation of the LMA described in Section 7, including the obligation to maintain a minimum balance of not less than the lower of $30 million (increased by CPI) and the 110% of the NPV of the remaining leasehold portfolio exposure as disclosed in the most recent financial statements unless the NPV is equal to or less than $5 million, where the percentage is 100%;

- HomeCo must maintain hedging in accordance with their hedging policy; and
- various standard undertakings applicable to Obligors that are trustees of a trust, including but not limited to, undertakings not to resign as trustee, allow the appointment of an additional trustee or amend, revoke or not comply with the trust deed.

Representations and warranties

The Syndicated Facility Agreement will contain representations and warranties customary for secured debt facilities of this nature.

Events of default

The Syndicated Facility Agreement will contain events of default which are customary for secured debt facilities of this nature, and will include, but are not limited to, the following:

- failure to pay amounts due under the Syndicated Facility Agreement or related finance documents;
- any of the financial covenants are not satisfied;
- an Obligor fails to comply with any of its obligations (other than the obligation to pay or the obligation to satisfy financial covenants), or makes a misrepresentation, under the Syndicated Facility Agreement or related finance documents which is not remedied within 15 business days;
- repudiation or vitiation of any finance document in respect of the Debt Facilities or repudiation, termination or vitiation of certain material documents (including the Lease Mitigation Deed and the Woolworths Transaction Documents);
- other than a permitted capital reduction, an Obligor takes action to reduce its capital or buy back its shares or (where applicable) units in the trust, without the consent of the lenders;
- an Obligor that is a trustee of a trust ceases to be the trustee of that trust or the trust is wound up or the beneficiaries of the trust resolve to do so; or
- an event or series of events occurs which in the lenders' reasonable opinion would have or be likely to have a material adverse effect.

Review events

The Syndicated Facility Agreement will contain the following review events:

- Delisting or suspension: the shares of HomeCo are delisted or suspended from the ASX for a continuous period of more than 5 business days and not reinstated within those 5 business days without any material adverse sanction other than where the suspension is as a result of a trading halt requested by HomeCo for the purpose of an imminent announcement of a major acquisition or merger acquisition; or
- Change of control: any person acquires (directly or indirectly) control of HomeCo (where “control” has the meaning given to it in section 50AA of the Corporations Act).

If such a review event occurs, subject to certain agreed negotiation and notification periods, a potential repayment and cancellation of the Debt Facilities may be required if the review event is not rectified or waived.

The contract is otherwise on customary commercial terms typical for a contract of this nature.

13.1.4. Payment Deed

On 11 October 2017, HIC Trustee completed the Acquisition of HCL.

Under the terms of the Acquisition Agreement, HIC Trustee received the benefit of the vendor warranties and indemnities. The warranties and indemnities cover various matters, including tax liabilities and certain aspects of the operation of the “Masters Home Improvement” business prior to the completion of the Acquisition.

Although HCL was not a party to the Acquisition Agreement, it may become aware of a breach of the warranties and indemnities following Completion.

HIC Trustee has agreed to enter into the Payment Deed with HCL under which any proceeds which HIC Trustee may recover either from Woolworths or under any insurance policies in relation to any claim for a breach of warranties and indemnities (or, in certain circumstances, an amount equal to those proceeds) will be payable to HCL, less any reasonable legal or other out-of-pocket costs incurred by HIC Trustee in making that recovery.

13.2. Acquisition agreements

13.2.1. Upper Coomera, Queensland

LeaseCo presently has the benefit of a lease of Corner of Days Road and Old Coach Road, Upper Coomera, Queensland granted by Rix Super Pty Ltd (Rix Super) for a term of 16 years expiring 29 February 2028.

On 17 May 2019, Rix Super and HCL entered into a Put and Call Option under which Rix Super granted HCL a call option to acquire the property and HCL granted Rix Super a put option to require HCL to acquire this property. Under the Put and Call Option, HCL was entitled to nominate a third party to exercise the call option. On 23 September 2019, HCL nominated HomeCo (Upper Coomera) Pty Ltd as trustee for the HomeCo (Upper Coomera) Property Trust to exercise the call option which was exercised on the same date.

Under the Put and Call Option, the Group has paid $200,000 as a security deposit. This amount has been applied towards the $2,012,500 deposit that was payable under the contract of sale on exercise of the call option. The purchase price is $40,250,000 and is exempt from GST as it will be sold as a going concern. Settlement will occur by 31 October 2019. HomeCo (Upper Coomera) Pty Ltd as trustee for the HomeCo (Upper Coomera) Property Trust will acquire the property subject to the lease to LeaseCo.

13.2.2. Hawthorn East, Victoria

LeaseCo presently has the benefit of a lease of 740-742 Toorak Road, Hawthorn East, Victoria granted by Fabcot Pty Ltd (**Fabcot**) for a term of 15 years expiring 31 March 2031. LeaseCo has entered into agreements to sublease parts of the property to third parties, including Woolworths Group Limited (**Woolworths**) (a related party of Fabcot) for a Woolworths Supermarket (**Supermarket Sublease**) and a Dan Murphy's (**Dan Murphy's Sublease**).

On 18 July 2019, Fabcot and HomeCo (Hawthorn East) Pty Ltd (a wholly owned subsidiary of the Group) entered into a sale contract for the property for a total purchase price of $65,000,000, which is exempt from GST as it will be sold as a going concern. The Group has paid a deposit of $3,250,000, with the balance of $61,750,000 to be paid on settlement.

Settlement is due to occur on the later of the date which is 10 business days after the commencement date of the Supermarket Sublease, and 10 business days after the commencement date of the Dan Murphy's Sublease. The property will be acquired subject to the lease to LeaseCo and the subleases to Woolworths and the other third parties. Five business days and one day after settlement, the lease to LeaseCo and the subleases to Woolworths will be surrendered, and HomeCo will enter into direct lease arrangements with Woolworths in respect of the Woolworths Supermarket and Dan Murphy's.

13.2.3. Coffs Harbour, New South Wales

LeaseCo presently has the benefit of a lease of 211 Pacific Highway, Coffs Harbour, New South Wales granted by Geoff King Motors Pty Limited (ACN 000 130 843) (**Geoff King Motors**) for a term of 20 years expiring 22 July 2035. LeaseCo has subleased parts of the property. Under the lease between LeaseCo and Geoff King Motors, LeaseCo has a right of first refusal in relation to this property.

On 17 May 2019, Geoff King Motors and HCL entered into a sale contract for the property for a total purchase price of $32,000,000 which is exempt from GST as it will be sold as a going concern. HCL has paid deposits totalling $1,600,000, with the balance of $30,400,000 to be paid on settlement which will take place on or before 31 October 2019.

The property will be acquired subject to the lease to LeaseCo. HCL will direct that settlement of the property be transferred to a nominated subsidiary being HomeCo (Coffs Harbour) Pty Ltd as trustee of the HomeCo (Coffs Harbour) Property Trust.

13.3. Related party contracts

13.3.1. Related party leases

HomeCo leases a number of its premises to:

- Anaconda and Spotlight, which are controlled by Zac Fried, Director; and
- Chemist Warehouse, which is controlled by a director of HIC Trustee, which has, and will continue to have, a material interest in HomeCo,

who are related parties. The existing lease arrangements with the respective tenants listed below have been entered into on arm's length terms and reflect customary provisions commonly found in commercial leases of a similar nature.

Location	Terms and Renewal	Aggregate Annual Rent (excluding GST)
Leases with Spotlight (Spotlight Pty Ltd)		
HomeCo Bathurst, 3 Pat O'Leary Drive, Kelso NSW 2795	Initial term of 10 years commencing in Feb-16, with 3 options to renew for 10 years each.	$1.8 million
HomeCo South Lismore, 28 Bruxner Hwy, South Lismore NSW 2480	Initial term of 10 years commencing in Jul-18, with 3 options to renew for 10 years each.	
HomeCo Mackay, Mackay-Bucasia Road and Holts Road, Mackay QLD	Initial term of 10 years commencing in Jul-18, with 3 options to renew for 10 years each.	
HomeCo, Upper Coomera, Corner Days Road and Old Coach Road, Upper Coomera QLD 4209	Initial term of 10 years commencing in Jul-18, with 3 options to renew for 10 years each.	
HomeCo Northland, 85 Chifley Drive, Preston VIC	Initial term of 10 years commencing in Aug-18, with 3 options to renew for 10 years each.	
HomeCo Butler/Brighton, 1 Butler Blvd, Butler WA 6036	Initial term of 10 years commencing in Apr-19, with 3 options to renew for 10 years each.	
Leases with Anaconda (Anaconda Group Pty Ltd)		
HomeCo Coffs Harbour, 211 Pacific Highway, Coffs Harbour NSW 2450	Initial term of 10 years commencing on practical completion of development works, with 3 options to renew for 10 years each.	$3.1 million
HomeCo Marsden Park, 17-43 Hollinsworth Road, Marsden Park NSW 2765	Initial term of 10 years commencing in Oct-18, with 3 options to renew for 10 years each.	
HomeCo Rutherford, Corner Mustang Drive and Anambah Road, Rutherford NSW 2320	Initial term of 10 years commencing in Sep-17, with 3 options to renew for 10 years each.	
HomeCo Wagga Wagga, 129-145 Hammond Avenue, Wagga Wagga NSW 2650	Initial term of 10 years commencing in Dec-13, with 2 options to renew for 6 years each.	
HomeCo Mackay, Mackay-Bucasia Road and Holts Road, Mackay QLD	Initial term of 10 years commencing in Jul-18, with 3 options to renew for 10 years each.	
HomeCo Tingalpa, Corner of Manly Road and New Cleveland Road, Tingalpa QLD	Initial term of 10 years commencing in Oct-17, with 3 options to renew for 10 years each.	

Location	Terms and Renewal	Aggregate Annual Rent (excluding GST)
Leases with Anaconda (Anaconda Group Pty Ltd) (continued)		
HomeCo Hawthorn East, 740-742 Toorak Road, Hawthorn East VIC 3123	Initial term of 10 years commencing on practical completion of landlord development works, with 3 options to renew for 10 years each.	$3.1 million
HomeCo Butler/Brighton, 1 Butler Blvd, Butler WA 6036	Initial term of 10 years commencing on practical completion of development works, with 3 options to renew for 10 years each.	
HomeCo Joondalup, 11 Injune Way, Joondalup WA 6027	Initial term of 10 years commencing in Nov-18, with 3 options to renew for 10 years each.	
Leases with Chemist Warehouse (CW Leasing Services Pty Ltd)		
HomeCo North Lakes, 77-95 North Lakes Drive, North Lakes QLD 4509	Initial term of 5 years commencing in Feb-18, with 3 options to renew for 5 years each.	$2.0 million
HomeCo Box Hill, 249 Middleborough Road, Box Hill VIC 3128	Initial term of 5 years commencing in Sep-18, with 3 options to renew for 5 years each.	
HomeCo Braybrook, 340 Ballarat Road, Braybrook, VIC	Initial term of 5 years commencing in Sep-18, with 3 options to renew for 5 years each.	
HomeCo Keysborough, Corner Springvale Road and Cheltenham Road, Keysborough VIC 3173	Initial term of 5 years commencing on practical completion of landlord development works, with 3 options to renew for 5 years each.	
HomeCo Mornington, 75 Mornington-Tyabb Road, Mornington VIC 3931	Initial term of 5 years commencing in Mar-19, with 3 options to renew for 5 years each.	
HomeCo Northland, 85 Chifley Drive, Preston VIC	Initial term of 5 years commencing in Aug-18, with 3 options to renew for 5 years each.	
HomeCo Butler/Brighton, 1 Butler Blvd, Butler WA 6036	Initial term of 5 years commencing on practical completion of development works, with 3 options to renew for 5 years each.	
HomeCo Joondalup, 11 Injune Way, Joondalup WA 6027	Initial term of 5 years commencing on commencing from practical completion of development works, with 3 options to renew for 5 years each.	

13. Summary of Important Documents continued

13.3.2. Lease for registered office at Double Bay

HomeCo is proposing to enter into an assignment deed on arm's length terms with Aurrum Holdings Pty Ltd, an entity associated with David Di Pilla, in respect of a lease of office space at 19 Bay Street, Double Bay, NSW 2028.

13.3.3. Lease for office space at HomeCo Tingalpa

HomeCo has entered into a lease on arm's length terms with Aurrum Pty Ltd (ACN 168 114 038), an entity associated with David Di Pilla, in respect of 63 sqm of office space at the Group's Tingalpa property. The lease is for a two year period. A third of the leased space is licensed back to Home Consortium Property Pty Ltd as trustee for the Home Consortium Property Trust for a licence fee equivalent to one third of the rent payable by Aurrum Pty Ltd under the lease.

13.3.4. Convertible Notes

HCL has zero coupon convertible notes in the amount of $25 million on issue. At or around Completion, the Convertible Notes will convert into 7,462,687 Securities at the Offer Price. Details of the Convertible Notes and the number of Securities to be issued on conversion are as follows:

Name	Value	Number of Securities on conversion
Almavijo Pty Ltd	$4,000,000	1,194,030
James Shaw FT Pty Ltd	$2,000,000	597,015
Victoria Shaw FT Pty Ltd	$2,000,000	597,015
Joanna Shaw FT Pty Ltd	$2,000,000	597,015
CW Property Nominees Pty Ltd	$7,500,000	2,238,806
Danfin Pty Ltd (a related body corporate of Spotlight Group Holdings)	$7,500,000	2,238,806
Total	**$25,000,000**	**7,462,687**

14.
Additional Information

14. Additional Information

14.1. Incorporation

HCL was incorporated in Victoria on 20 August 2009 as a proprietary company limited by shares and was converted to a public company limited by shares on 21 September 2019.

HCDL was incorporated in New South Wales on 29 August as a public company limited by shares.

14.2. Child entities

Child entity	Nature of child entity's business	HomeCo's ownership interest
Home Consortium Leasehold Pty Ltd (ACN 066 891 307)	Holding entity for leasehold properties.	100%
Home Consortium Property Pty Ltd (ACN 139 262 123)	Trustee for the Home Consortium Property Trust, the head trust above the property level sub-trusts and owner of certain freehold properties in the Portfolio.	100%
Home Investment Lease Company Pty Ltd (ACN 614 407 233)	Holding entity for one leasehold property.	100%
Home Consortium Lease Mitigation Pty Ltd (ACN 635 862 467)	Holding entity for the Lease Mitigation Account.	100%
Property level sub-trusts HomeCo's structure involves separate wholly-owned sub-trusts for certain freehold properties in the Portfolio. The trustee of each such sub-trust is a special purpose vehicle that is, in each case, an indirectly wholly-owned subsidiary of HCL.	Asset level holding trusts for certain freehold properties in the Portfolio (including 3 leasehold properties which are expected to be acquired by 31 December 2019).	100%

14.3. Tax status and financial year

Both HCL and HCDL are and will be subject to tax at the Australian corporate tax rate on their taxable income. The financial year for both HCL and HCDL ends on 30 June annually.

14.4. Voluntary escrow arrangements

HIC Trustee and HICC 2 have each agreed to enter into voluntary escrow arrangements in relation to their Escrowed Securities, which prevents each of them from dealing in their Escrowed Securities for the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Securities or any legal, beneficial or economic interest in the Escrowed Securities or to create or agree or offer to create any security interest in the Escrowed Securities.

Following Completion, Escrowed Securities held by HIC Trustee and HICC 2 will be subject to escrow from Completion until 4.15pm on the date that is 24 months after HCL and HCDL are admitted to the Official List.

A summary of the escrow arrangements are contained in Section 7.4.

14.5. Summary of rights and liabilities attaching to Securities and other material provisions of the Constitutions

14.5.1. General

The rights and liabilities attaching to ownership of the Securities are:

- detailed in the Constitutions which may be inspected during normal business hours at the registered office of the Stapled Entities; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Securities and a description of other material provisions of the Constitutions are set out below. The Constitution of each Stapled Entity is on identical terms.

This summary is not intended to be exhaustive and is qualified by the fuller terms of each Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Securityholders. This summary assumes the Stapled Entities are admitted to the Official List of the ASX.

14.5.2. Stapling Provisions

The Stapling Provisions in the Constitutions apply on and from the Stapling Commencement Date (the date when the Board of each Stapled Entity has determined that Stapling is to commence) and, subject to any specific provisions to the contrary in the Constitutions, the Stapling Provisions prevail over all other provisions of the Constitutions (except to the extent provided in the Constitutions or where it would result in a breach of the Corporations Act, the Listing Rules or any other law).

The intention of the Stapling Provisions is to ensure that to the extent permitted by law, each Security will be treated as one security.

14.5.2.1. Stapling arrangements

Under the Stapling Provisions:

- (**Stapling**) each component of a Security must be Stapled to each other component of the Security on and from the Stapling Commencement Date;
- (**No issue**) a Stapled Entity must not offer or issue a component of a Security, or any option or rights to such a component without a corresponding and simultaneous offer or issue being made in respect of each other component of the Security;
- (**No transfer**) a Stapled Entity must not register any transfer of a component of a Security without a corresponding and simultaneous transfer of each other component of the Security;
- (**Corporate action**) a Stapled Entity must not cancel, buy-back or redeem a component of a Security without a corresponding and simultaneous corporate action being made in respect of each other component of the Security;
- (**New Attached Securities**) a Stapled Entity may cause a security to be Stapled to a Security (a **New Attached Security**) provided certain conditions are satisfied including:
  - the New Attached Security is (or will be) quoted on the Official List;
  - ASX has indicated that it will approve the Stapling of the New Attached Security to the Securities;
  - each Stapled Entity (excluding the issuer of the New Attached Security) has agreed to the Stapling of the New Attached Security and that the Stapling of the New Attached Security is in the best interests of Securityholders as a whole and is consistent with the then investment objectives of the Stapled Entities and any subsidiary of the Stapled Entities;
  - the constituent documents for the New Attached Security have provisions giving effect to the Stapling;
  - the issuer of the New Attached Security has agreed to enter into a deed with the other Stapled Entities acceding to the Stapling Deed;
  - where the New Attached Security is partly paid, or approval from Securityholders is required to give effect to the transaction, approval of the Securityholders has been obtained; and
  - the number of New Attached Securities is identical to the number of Securities on issue;

- (**Unstapling by Stapled Entities**) a component of the Securities may be unstapled if:
  - ASX has indicated that it will approve such unstapling and the remaining components remain quoted on the Official List as a Security;
  - each Stapled Entity has agreed to the unstapling and such unstapling is not contrary to the interests of Securityholders as a whole and is consistent with the then investment objectives of the Stapled Entities and any subsidiary of the Stapled Entities; and
  - the Stapling Provisions will terminate in respect of the component of the Security that has been unstapled;
- (**Restapling**) if a component of the Security becomes unstapled, the Stapled Entity of the unstapled component may subsequently determine that the Stapling Provisions should recommence in respect of that unstapled component;
- (**Unstapling in the event of an unstapling event**) where a special resolution of the members of each Stapled Entity is passed to unstaple the Securities, stapling becomes unlawful or prohibited under the Listing Rules, or a winding up is commenced in respect of a Stapled Entity, the Securities will be unstapled, provided that:
  - ASX has indicated in writing that it will grant permission for the unstapling of the Security; and
  - each Stapled Entity has agreed to the unstapling and that the unstapling is not contrary to the interests of Securityholders as a whole. After the unstapling, the Stapling Provisions cease to have effect in respect of that component of the Security.
- (**Meetings**) meetings of each Stapled Entity may be held in conjunction with the meetings of each other Stapled Entity; and
- (**Interests of Securityholders**) each Stapled Entity may, subject to the Corporations Act and the terms of any applicable ASIC relief, have regard to the interests of Securityholders as a whole and not only to the interests of holders of each component of the Security.

14.5.2.2. Stapling matters

The Stapling Provisions also provide that by acquiring a Security, each Securityholder will be taken to have consented to each provision in the constituent documents, including without limitation:

- the stapling of the Securities;
- any reorganisation proposal of the Securities (subject to an ordinary resolution if required by the constituent document of the relevant Stapled Entity);
- the disposal of any partly paid Security on which an instalment is due and payable but unpaid, or in respect of which a call has been validly made but remains unpaid by the due date for payment;
- the disposal of any small holding of Securities that is less than a marketable parcel;
- the restrictions on Securities that are "restricted securities", as that term is defined in the Listing Rules;
- the stapling of New Attached Securities to the Securities;
- the Securityholder becoming a member of any new stapled entity and being bound by the constituent documents for any New Attached Security;
- the unstapling of one or more Securities; and
- the restapling of an unstapled Security,

(each a **Stapling Matter**).

14.5.2.3. Powers of attorney

In respect of each Stapling Matter, each Securityholder irrevocably appoints the Stapled Entity as the Securityholder's agent and attorney in the Securityholder's name and on the Securityholder's behalf to do all acts and things and execute all documents which the Stapled Entity, in consultation with each other Stapled Entity, considers necessary, desirable or reasonably incidental to effect any Stapling Matter including:

- to agree to obtain any New Attached Security;
- apply any distributions, redemption proceeds or other payments to obtain a New Attached Security;

- where a New Attached Security comprises shares or an interest in shares or interests in a company or managed investment scheme, to agree to become a member of that company or managed investment scheme;
- to do all acts and things and execute all applications, transfers, withdrawals and any other documents which the Stapled Entity considers necessary, desirable or reasonably incidental to effect the transfer of the New Attached Security to the Securityholder; and
- as proxy to vote at any meeting in favour of any resolution to effect a Stapling Matter.

14.5.2.4. New Attached Securities

A Stapled Entity has the power to do all things considered necessary, desirable or reasonably incidental to give effect to the Stapling of New Attached Securities to the Security. A New Attached Security may be transferred to a Securityholder by any means and in any manner, including but not limited to any combination of issue, sale, reduction of capital, distribution in kind or transfer.

14.5.2.5. Party paid Securities

A Security may be offered on terms that the offer price is payable by one or more instalments. If a call has been validly made on a Security but is unpaid by the due date for payment, the Security may be sold (**Defaulted Security**). Interest accrues on the unpaid amount of the call and subject to the Listing Rules, the Corporations Act and constituent documents all voting rights, entitlements to Distributions and any other rights in respect of the Defaulted Security are suspended.

14.5.2.6. Application price

The Stapled Entities may agree how the application price for a Security will be allocated between the application price of each component of the Security.

14.5.3. Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid share held. On a poll, partly paid Securities confer a fraction of a vote pro-rata to the amount paid up on the share.

14.5.4. Dividends

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the securities held by them.

14.5.5. Issue of Securities

Subject to the Constitution, the Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue securities or grant options over unissued securities to any person and they may do so at such times as they think fit and on the conditions and the issue price they think fit. Such securities may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital or otherwise, as the Directors think fit.

14.5.6. Variation of class rights

Subject to the Corporations Act and the Listing Rules, the rights attached to any class of securities may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the securities of the class; or
- by a special resolution passed at a separate meeting of the holders of securities of the class.

14.5.7. Transfer of Securities

Subject to the Constitution, the Corporations Act, the Listing Rules and to the rights or restrictions attached to any securities or class of securities, holders of securities may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may decline to register a transfer of securities for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer, the Stapled Entity must give the party lodging the transfer written notice of the refusal and the reason for refusal.

14. Additional Information continued

14.5.8. Small holdings

The Directors may sell the securities of a Securityholder if that Securityholder holds less than a marketable parcel of Securities, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Securities is defined in the Listing Rules and is, generally, a holding of securities with a market value of less than $500.

14.5.9. General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any securities or class of securities, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of a Stapled Entity and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

14.5.10. Winding up

Subject to any special or preferential rights attaching to any class or classes of securities, the Constitution, the Corporations Act and the Listing Rules, members will be entitled in a winding up to security in any surplus assets of a Stapled Entity in proportion to the securities held by them, less any amounts which remain unpaid on these securities at the time of distribution.

14.5.11. Directors – appointment and removal

The minimum number of Directors is three and the maximum is 10, or such other number as determined by the Directors from time to time. Directors are elected at annual general meetings of the Stapled Entities. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any managing Director) retires at each annual general meeting of the Stapled Entities. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Stapled Entities.

14.5.12. Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman has a second or casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

14.5.13. Directors' remuneration

The Directors, other than the Executive Directors, are entitled to be paid by such Directors' fees for their services as the Directors decide, provided that the total fees do not exceed the maximum aggregate sum as may be approved from time to time by Securityholders in general meeting. Each Constitution also makes provision for a Stapled Entity to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. Any change to that maximum aggregate sum needs to be approved by Securityholders.

14.5.14. Alteration of Security capital

Subject to the Listing Rules, the Constitutions and the Corporations Act, each Stapled Entity may alter its share capital.

14.5.15. Preference shares

Each of HCL and HCDL may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution.

14.5.16. Variation of the Constitution

Each Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Stapled Entity. Each Stapled Entity must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

14.5.17. Security buy-backs

Each Stapled Entity may buy back shares in accordance with the provisions of the Corporations Act.

14.5.18. Dividend plan

Each Constitution contains a provision allowing Directors to implement a dividend reinvestment plan.

14.6. Stapling Deed

14.6.1. Co-operation

Each Stapled Entity is a party to the Stapling Deed. The Stapling Deed provides that the Stapled Entities must cooperate in respect of all matters necessary to ensure that the shares of each Stapled Entity are Stapled and in respect of all matters relating to the Securities.

Under the Stapling Deed, each Stapled Entity must:

- agree from time to time what part of the amount payable for the issue of a Security is to represent the issue price of each component security of the Security;
- consult prior to making any calls in respect of any partly paid securities it issues to Securityholders;
- notify each other Stapled Entity if it proposes to take action under its constitution to forfeit and offer for sale any of its securities;
- obtain the consent of each other Stapled Entity prior to announcing or paying a distribution or dividend, in relation to the operation of any dividend or distribution reinvestment policy or plan or bonus security plan, undertaking a placement or rights issue, buying-back, repurchasing, cancelling or redeeming any component securities of a Security;
- not, and must procure that its controlled entities do not, acquire or dispose of an asset the value of which is 5% or greater of the net tangible assets of that Stapled Entity without first giving 10 days prior written notice to, and consulting with, each other Stapled Entity;
- obtain the consent of each other Stapled Entity before Stapling another entity's securities to its securities, effecting any reorganisation or restructure of its capital or effecting any changes to the stapling arrangements contemplated by the Stapling Deed in order to comply with or overcome the adverse effect of any law, regulation or rule;
- maintain, or procure the maintenance of, a register of Securityholders and ensure that it is entirely consistent with the register of holders of its securities;
- make available to each other Stapled Entity all information and provide all assistance in relation to the preparation of financial accounts relating to Stapled Entities; and
- not, and must procure that its controlled entities do not, borrow or raise money without consulting with each other Stapled Entity.

Each Stapled Entity agrees to:

- share information with each other Stapled Entity;
- adopt the valuation policies and methods of HCL; and
- co-ordinate Securityholder meetings.

14.6.2. Financial obligations

If any loans or other financial accommodation are undertaken jointly by the Stapled Entities, or if any guarantee or security is given in respect of the loans or other financial accommodation of another Stapled Entity, whichever Stapled Entity receives the proceeds of the loan or financial accommodation must repay the loan or financial accommodation, pay all fees, interest, expenses and other amounts in respect of the loan or financial accommodation and indemnify the other Stapled Entities for such amounts.

14.6.3. Financial benefits

Each Stapled Entity agrees with each other Stapled Entity that, to the maximum extent permitted by law, if called upon by the other, it must, if it or its controlled entities are reasonably capable of doing so on the terms and conditions proposed by the other party, enter into any agreement, document or arrangement and consider doing any act, matter or thing at the request or direction of the other in respect of lending money, guaranteeing or providing security for any loan, issuing redeemable preference securities or any other form or securities, entering into any joint borrowing with the other and guaranteeing the obligations of or providing an indemnity or undertaking to a third party in respect of the obligations of the other or any of its controlled entities or any other person.

14.6.4. Constitutions to prevail

If there is any inconsistency between the Stapling Deed and the Constitutions, the provisions of the Constitutions apply to the extent of the inconsistency.

14.6.5. Disputes

A Stapled Entity claiming that a dispute has arisen out of the Stapling Deed must notify each other Stapled Entity in writing. Each party to the dispute must use its best endeavours to resolve the dispute within 10 Business Days of all parties receiving notice of the dispute. If the parties do not resolve the dispute, the chief executive officer or other senior employee must negotiate in good faith to resolve the dispute for a period of 10 Business Days. A Stapled Entity must not commence court proceedings about a dispute arising out of the Stapling Deed unless it first complies with the above steps, except where it seeks urgent injunctive relief or the dispute relates to compliance with these steps.

14.7. Foreign selling restrictions

This Prospectus does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

14.7.1. Hong Kong

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

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

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

14.7.2. New Zealand

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

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

14.7.3. Singapore

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

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

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

14.7.4. Switzerland

The Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering material relating to the Securities (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (“**FINMA**”).

Neither this Prospectus nor any other offering material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland. The Securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This Prospectus is personal to the recipient and not for general circulation in Switzerland.

14.7.5. United Arab Emirates

Neither this Prospectus nor the Securities have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority (“**ESCA**”) or any other governmental authority in the United Arab Emirates. The Stapled Entities have not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the Securities within the United Arab Emirates. This Prospectus does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the Securities, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the Securities may be offered, and this Prospectus may be distributed, only as an “Exempt Offer”, as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the “**DFSA**”). The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

14.8. Interests of experts and advisors

Other than as set out below, or as otherwise disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the Offer or the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of a Stapled Entity, or in any property acquired or proposed to be acquired by a Stapled Entity or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of a Stapled Entity or the Offer.

Each Stapled Entity has engaged the following professional advisers in relation to the Offer:

- Credit Suisse, Goldman Sachs and J.P. Morgan have acted as Joint Lead Managers to the Offer. The Stapled Entities have agreed to pay the Joint Lead Managers the fees described in Section 13.1.2 for these services. As a result of a prior engagement agreement relating to an initial public offering of HCL, HCL has also agreed to pay Credit Suisse a fee of $1,520,000 (excluding GST);
- Baillieu, Bell Potter, Crestone, Morgans, NAB and Ord Minnett have acted as Co-Managers to the Offer and will receive from the Joint Lead Managers a fee of 1.5% of the amount allocated to them under the Broker Firm Offer and a cash payment from the Stapled Entities of $100,000;
- Baillieu will receive a fee of $50,000 for acting in its capacity as authorised intermediary;

- Baker & McKenzie has acted as Australian legal adviser (other than in relation to taxation matters) to the Stapled Entities in relation to the Offer. The Stapled Entities have paid, or agreed to pay, approximately $1,600,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Baker & McKenzie for other work in accordance with its normal time-based charges;
- Ernst & Young has undertaken financial due diligence services and provided remuneration advisory services in connection with the Offer. HomeCo have paid, or agreed to pay, fees of approximately $820,000 (excluding disbursements and GST) for these services up until the Prospectus date. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges;
- Ernst & Young Transaction Advisory Services Limited has acted as the Investigating Accountant in relation to the Offer and prepared the Independent Limited Assurance Report in Section 10. HomeCo have paid, or agreed to pay, fees of approximately $100,000 (excluding disbursements and GST) for these services up until the Prospectus date. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited in accordance with its normal time-based charges;
- Greenwoods & Herbert Smith Freehills Pty Limited has acted as tax adviser to the Stapled Entities in relation to the Offer. The Stapled Entities have paid, or agreed to pay, fees of approximately $680,000 (including GST) (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to the tax adviser in accordance with its normal time-based charges; and
- Jones Lang LaSalle Advisory Services Pty Ltd has undertaken valuation services to HomeCo and prepared the valuation summary letter in Section 11. HomeCo have paid, or agreed to pay fees of approximately $278,500 (excluding disbursements and GST) for these services up until the Prospectus date.

These amounts, and other expenses of the Offer, will be paid by the Stapled Entities out of funds raised under the Offer. Further information on the use of proceeds and payment of expenses of the Offer is set out in Sections 9.3 and 14.10.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the Securities ("**Economic Interest**"), instead of subscribing for or acquiring the legal or beneficial interest in those Securities. One or more of the Joint Lead Managers or Co-Managers (or their affiliates) may, for their own account, write derivative transactions with those investors relating to the Securities to provide the Economic Interest, or otherwise acquire Securities in connection with the writing of such derivative transactions in the Offer and/or the secondary market. As a result of such transactions, one or more of the Joint Lead Managers or Co-Managers (or their affiliates) may be allocated, subscribe for or acquire Securities in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such Securities. These transactions may, together with other Securities acquired by the Joint Lead Manager, Co-Manager or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Manager, Co-Manager or their affiliates disclosing a substantial holding and earning fees.

The Joint Lead Managers, the Co-Managers, the Brokers and their respective Related Bodies Corporate and affiliates, and any of their respective officers, directors, employees, partners, advisers or agents (the "**Lead Manager Parties**") are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer (such as the Foundation Securityholders and members of the Board) or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with the Foundation Securityholders, members of the Board or other persons that may be involved in the Offer.

14.9. Consents

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

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in this Prospectus and to the inclusion, in the form and context in which it is included, of any statement or report described below as being included with its consent. None of the parties referred to below has authorised or caused the issue of this Prospectus and to the maximum extent permitted by law, each of those parties expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below.

- Credit Suisse has consented to being named as a Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Credit Suisse;
- Goldman Sachs has consented to being named as a Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Goldman Sachs;
- J.P. Morgan has consented to being named as a Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by J.P. Morgan;
- Baillieu has consented to being named as a Co-manager to the Offer and authorised intermediary, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Baillieu;
- Bell Potter has consented to being named as a Co-manager to the Offer, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Bell Potter;
- Crestone has consented to being named as a Co-manager to the Offer, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Crestone;
- Morgans has consented to being named as a Co-manager to the Offer, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Morgans;
- NAB has consented to being named as a Co-manager to the Offer, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by NAB;
- Ord Minnett has consented to being named as a Co-manager to the Offer, but has not been involved in any way in the preparation of the Prospectus, it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Ord Minnett;
- Ernst & Young has given its consent to be named in this Prospectus as the provider of financial due diligence services and remuneration advisory services, in the form and context in which it is named;
- Ernst & Young Transaction Advisory Services Limited has given its consent to be named in this Prospectus as the Investigating Accountant to HomeCo in the form and context in which it is named and its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in Section 10 of this Prospectus, in the form and context in which it is included;
- PricewaterhouseCoopers has consented to being named as the auditor of each Stapled Entity, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by PricewaterhouseCoopers;
- Baker & McKenzie has consented to being named as the Australian legal adviser to the Stapled Entities, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Baker & McKenzie;
- Greenwoods & Herbert Smith Freehills Pty Limited has consented to being named as the Australian taxation adviser to the Stapled Entities, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Greenwood & Herbert Smith Freehills LLP;

14. Additional Information continued

- Jones Lang LaSalle Advisory Services Pty Ltd has consented to being named as the valuer of 21 properties in the Portfolio in the form and context in which it is named and its consent to the inclusion in the Prospectus of its valuation summary letter in Section 11 of this Prospectus, in the form and context in which it is included.
- Link Market Services Limited has consented to being named as the Registry for the Stapled Entities, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Link Market Services Limited; and
- KPMG has consented to being named as the independent reviewer of the NPV of the Leasehold Liabilities and the Initial Deposit, and to the inclusion of the summary of the work conducted by it, as set out in Section 7.3 in the form and context in which it is included.

14.10. Costs of the Offer

The total expenses of the Offer (exclusive of GST) are estimated to be approximately $38.0 million and are expected to be applied towards the items set out below.

Item of expenditure	$ 000s
ASX and one-off listing costs	1,980
Underwriting and other advisor fees	18,943
Stamp duty[145]	9,206
Debt underwriting	6,000
Marketing, printing and distribution	55
Other costs	1,847
Total	**38,031**

14.11. Regulatory relief

14.11.1. ASIC relief

The Stapled Entities have sought the following exemptions from, and modifications to, the Corporations Act from ASIC in order to facilitate the Offer:

- modification of section 708(13) of the Corporations Act to allow the Stapled Entities to apply dividends made to their respective members who are participants in a dividend reinvestment plan to acquire Securities; and
- a modification of Chapter 6 of the Corporations Act so that the voluntary escrow arrangements detailed in Section 14.4 do not give rise to a relevant interest for a Stapled Entity in respect of the Escrowed Securities.
- a modification of section 1020B of the Corporations Act in respect of short selling conducted during the period of conditional and deferred settlement trading.

HCDL has also sought relief to allow its first financial half-year to end on 31 December 2019 rather than six months after its incorporation or registration.

14.11.2. ASX waivers and confirmations

The Stapled Entities have obtained ‘in-principle’ advice that ASX would be likely to provide the confirmations and waivers described below on receipt of each Stapled Entity’s application for admission to the Official List of ASX:

- confirmation that the structure of HomeCo is appropriate for a listed entity for the purposes of Listing Rule 1.1 (condition 1);
- confirmation under Listing Rule 1.1 (condition 2) that the Constitutions are consistent with the Listing Rules;
- confirmation under Listing Rule 19.12 that the Securities will be treated as “equity securities”;
- confirmation that disclosure by one entity on behalf of HomeCo satisfies the continuous disclosure obligation for each entity for the purposes of Listing Rule 3.1;
- customary stapling relief in relation to Listing Rules 1.1 (conditions 8 and 9), 2.1 (condition 2), 8.10 and 10.1 including to ensure that HomeCo satisfies the requisite value thresholds even though the component shares may not individually do so;

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[145] Includes stamp duty payable on the 3 Leasehold Acquisitions.

- a waiver from Listing Rule 1.1 (condition 12) to the extent necessary to permit the Stapled Entities to grant options (including the Rights) with an exercise price less than $0.20; and
- confirmation that the mandatory escrow restrictions in clauses 1, 2, 3, 4, 7, 8 and 9 of Appendix 9B of the Listing Rules do not apply to the Stapled Entities as they have a substantial proportion of their assets as tangible assets, with a readily ascertainable value.

14.12. Legal proceedings

HomeCo is from time to time party to various disputes and legal proceedings incidental to the conduct of its business.

LeaseCo brought a claim against Aventus Cranbourne Thompsons Road Pty Ltd (“**Aventus**”) in the Supreme Court of Victoria in relation to Aventus’ withholding of consent to a proposed sublease of part of the former Masters premises at Cranbourne to Amart. The application sought declaratory relief to require Aventus to consent to the sublease of a portion of the former Masters premises at Cranbourne, and consent to the alterations required for the sublease. The premises are currently vacant and Aventus withheld consent to the proposed sublease on a number of grounds which LeaseCo asserted were unreasonable. In addition to seeking orders that would allow it to sublease part of the premises, LeaseCo also sought damages and orders for costs. Judgement was handed down on 8 August 2019. LeaseCo was successful with the Court ordering that Aventus had unreasonably withheld consent and LeaseCo was entitled to sublease part of the premises to Amart. Costs and damages are still to be determined and Aventus has appealed the judgement.

Home Consortium Property is involved in a legal proceeding brought by Ipswich City Council in relation to the correct rating category for the land at Springfield and consequentially the quantum of rates payable. The Ipswich City Council is claiming $435,073.45 for rates, charges and expenses in arrears and interest as at 28 August 2018.

There are also other legal proceedings to which HomeCo is exposed, but which are not regarded as material by the Stapled Entities.

14.13. Governing law

This Prospectus and the contracts that arise from the acceptance of Applications and bids under this Prospectus are governed by the law applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

14.14. Statement of Directors

This Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus with ASIC and issue of this Prospectus, and has not withdrawn that consent.

15.
Glossary


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15. Glossary

Term	Definition
AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
Acquisition	The acquisition of HCL and its subsidiaries from Woolworths by HIC Trustee.
Acquisition Agreement	The share sale agreement in respect of the Acquisition entered into between HIC Trustee and Woolworths on 26 June 2017.
Acquisition Warranties and Indemnities	The Woolworths Warranties and Indemnities and the Insured Warranties and Indemnities.
Adjusted NTA	Net tangible assets adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Loans to related parties, (iii) Investment properties – Leasehold (recognised under AASB 16), (iv) Leasehold liabilities (recognised under AASB 16), (v) Provisions and (vi) Deferred tax assets.
AFSL	Australian Financial Services Licence.
Agreement for Lease	A binding agreement to lease space in a HomeCo centre.
Applicant	A person who submits an Application.
Application	An application to subscribe for Securities offered under this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility).
Application Monies	The amount of monies accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the securities exchange that it operates, as the context requires.
ASX Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition, February 2019).
ASX Settlement Operating Rules	The settlement operating rules of ASX.
ATO	Australian Taxation Office.
Australian Accounting Standards or **AAS**	Australian Accounting Standards and other authoritative pronouncements issued by the AASB.
Baillieu	E.L. & C. Baillieu Limited (ACN 006 519 393).
Bell Potter	Bell Potter Securities Limited (ACN 006 390 772).
Board or **Board of Directors**	The board of directors of each of the Stapled Entities.
Board Committee	Each committee of the Board as set out in Section 5.5.4.

15. Glossary continued

Term	Definition
Broker	An ASX participating organisation selected by the Stapled Entities to act as a broker to the Offer.
Broker Firm Applicant	An Australian resident client or a New Zealand resident sophisticated client of a Broker who is offered a firm allocation of Securities under the Broker Firm Offer.
Broker Firm Offer	The offer of Securities under this Prospectus to Australian resident retail clients and New Zealand resident sophisticated clients of participating Brokers who have received an invitation from their Broker to participate in the Broker Firm Offer, provided that such clients are not in the United States and are not US Persons, as described in Section 9.
Broker Firm Offer Application Form	The Application Form made available with a copy of this Prospectus, identified as the Broker Firm Offer Application Form.
Capitalisation rate or cap rate	The return of a property or portfolio of properties calculated by dividing the market level of net property income of that property or portfolio by the assessed independent valuation of that property or portfolio.
CBD	Central Business District.
CEO	Chief Executive Officer.
CHESS	ASX's Clearing House Electronic Sub-register System operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.
Closing Date	The date on which the Offer is expected to close, being 9 October 2019 in respect of the Offer.
Co-managers	Baillieu, Bell Potter, Crestone, Morgans, NAB and Ord Minnett
Completion	Completion of the Offer, being the allotment and issue of Securities by the Stapled Entities.
Constitutions	The constitutions of HCL and HCDL.
Convertible Notes	Convertible notes that were issued to certain Foundation Securityholders (or their nominees) as detailed in Section 13.3.4. The notes will convert to Securities in the Stapled Entities on Completion at the Offer Price.
Corporations Act	*Corporations Act 2001* (Cth).
CPI	Consumer price index, an index used to measure changes in the price level of market basket of consumer goods and services purchased by households.
Credit Suisse	Credit Suisse (Australia) Limited (ACN 007 016 300).
Crestone	Crestone Wealth Management Limited (ACN 005 311 937).
Debt Facilities	The syndicated debt facilities to be entered into by the Stapled Entities ahead of Completion, as detailed in Section 2.5.1.
Development Portfolio	The 9 HomeCo centres to be redeveloped as described in Section 3.
Director	A member of the Board.
Dividend yield	The rate of return derived by dividing the annualised dividend per Security by the Offer Price.

Term	Definition
EEP	Employee Equity Plan.
Eligible U.S. Fund Manager	A dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. Persons" (as defined in Rule 902(k) under the US Securities Act), for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.
Escrowed Securities	The 93,333,335 Securities the subject of voluntary escrow pursuant to the Voluntary Escrow Deeds.
Escrowed Securityholders	Each of HIC Trustee and HICC 2.
Existing Obligors	Each HomeCo entity as at the date of the Prospectus.
Expiry Date	The date which is 13 months after the Prospectus Date.
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Stapled Entities.
FFO	Funds from operations.
Financial Information	The financial information described as Financial Information in Section 6.
FMC	Has the meaning given in Section 7.4.1.2.
FMC Decision Matters	Has the meaning given in Section 7.4.1.2.
Forecast Financial Information	The financial information described as Forecast Financial Information in Section 6.
Foundation Securityholder Indemnity	An agreement under which the Foundation Securityholders agree to indemnify HomeCo in respect of Leasehold Liabilities.
Foundation Securityholders	The existing shareholders in HIC Trustee.
Freehold FFO	The pro forma forecast consolidated FFO of HomeCo excluding the FFO associated with the Leasehold Properties which is to be funded by the Lease Mitigation Account in accordance with the Lease Mitigation Deed.
FY18	Financial year ended 30 June 2018.
FY19	Financial year ended 30 June 2019.
FY20	Financial year ending 30 June 2020.
GDP	Gross Domestic Product.

15. Glossary continued

Term	Definition
Gearing	Borrowings (excluding unamortised establishment costs) less Cash and cash equivalents divided by Total assets less Cash and cash equivalents, Lease Mitigation Account, Loans to related parties, Investment properties – leasehold and Deferred tax assets.
GLA	Gross lettable area.
Goldman Sachs	Goldman Sachs Australia Pty Ltd (ACN 006 797 897).
Group or HomeCo	HCL and HCDL and their controlled entities and, where the context requires, the businesses conducted by those companies.
GST	Goods and Services Tax.
HCL	Home Consortium Limited (ACN 138 990 593).
HCL Share	A fully paid ordinary share in HCL.
HCDL	Home Consortium Developments Limited (ACN 635 859 700)
HCDL Share	A fully paid ordinary share in HCDL.
HIC Representative	Has the meaning given in Section 7.4.1.2.
HIC Trustee	Home Investment Consortium Company Pty Limited in its own capacity and as trustee for the Home Investment Consortium Trust.
HICC 2	HICC 2 Pty Ltd in its own capacity and as trustee of the Home Acquisition Trust.
HICT	Home Investment Consortium Trust.
Historical Financial Information	The financial information described as Historical Financial Information in Section 6.
HomeCo	HCL and HCDL and their controlled entities and, where the context requires, the businesses conducted by those companies.
Home Consortium Property	Home Consortium Property Pty Limited (ACN 139 262 123).
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
Indemnification Deed	Has the meaning given in Section 7.1.
Independent Limited Assurance Report	The Independent Limited Assurance Report as set out in Section 10.
Initial Deposit	$60 million.
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Securities as detailed in Section 9.12.

Term	Definition
Institutional Investor	Investors who are: • persons who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by the Stapled Entities and the Joint Lead Managers, to whom offers of Securities may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approved by, any government agency (except one with which the Stapled Entities are willing in their sole discretion to comply); and • provided that in each case if such investors are in the United States, they are Eligible U.S. Fund Managers.
Insured Warranties and Indemnities	The warranties and indemnities under the Acquisition Agreement in respect of which HIC Trustee’s recourse for breach is limited to a claim under insurance policies taken out with various underwriters.
Investigating Accountant	Ernst & Young Transaction Advisory Services Limited.
J.P. Morgan	J.P. Morgan Securities Australia Limited (ACN 003 245 234).
Joint Lead Managers or JLMs	Credit Suisse, Goldman Sachs and J.P. Morgan.
Key Management Personnel	Has the meaning given to that term in the Corporations Act.
KPMG	KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd).
LeaseCo	Home Consortium Leasehold Pty Limited (ACN 066 891 307).
Lease Mitigation Deed	Has the meaning given in Section 7.4.1.
Leasehold Acquisitions	The acquisitions of Properties Upper Coomera, Hawthorn East and Coffs Harbour by HomeCo. See Section 13.2 for a summary of each acquisition agreement.
Leasehold Liabilities	Has the meaning given to that term in Section 7.3.
Leasehold Property	The properties for which LeaseCo or Home Investment Lease Company Pty Ltd is a lessee.
LGA population	Local Government Area population (Australian Bureau of Statistics, 2018).
Listing Rules	The listing rules of ASX.
LMA or Lease Mitigation Account	The leasehold mitigation account as summarised in Section 7.4.
Minimum Balance	Has the meaning given in Section 7.4.1.5.
Minimum Balance Review Date	Has the meaning given in Section 7.4.1.5.

15. Glossary continued

Term	Definition
MitigationCo	Home Consortium Lease Mitigation Pty Ltd (ACN 635 862 467).
Morgans	Morgans Financial Limited (ACN 010 669 726).
MoU	Memorandum of Understanding.
NAB	National Australia Bank Limited (ACN 004 044 937).
NED	Non-Executive Director of HomeCo.
NEDEP	Non-Executive Director Equity Plan, as detailed in Section 5.4.2.
New Attached Security	Has the meaning given in Section 14.5.2.1.
NOI	Net operating income.
NPV	Net Present Value.
NSW	New South Wales.
NTA	Net tangible assets.
Offer	The offer of Securities under this Prospectus.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	$3.35 per Security.
Official List	The official list of entities that ASX has admitted to and not removed from listing.
Opening Date	The date the Offer opens, being 1 October 2019.
Operating Portfolio	The 21 operating HomeCo retail and services centres.
Ord Minnett	Ord Minnett Limited (ACN 002 733 048).
Payment Deed	The deed entered into between HIC Trustee and HCL pursuant to which proceeds which HIC Trustee may recover either from Woolworths or under insurance policies in relation to any claim for a breach of Acquisition Warranties and Indemnities (or, in certain circumstances, an amount equal to those proceeds) will be payable to HCL, less any reasonable legal or other out-of-pocket costs incurred by HIC Trustee in making that recovery.
Portfolio	The Operating Portfolio and Development Portfolio.
Pro forma forecast consolidated FFO	Has the meaning given in Section 6.
Priority Offer	The offer of Securities under this Prospectus which is open to selected investors in eligible jurisdictions, who have received a Priority Offer invitation to acquire Securities under this Prospectus.
Pro Forma Forecast Financial Information	The financial information described as Pro Forma Forecast Financial Information in Section 6.

Term	Definition
Pro Forma Historical Financial Information	The financial information described as Pro Forma Historical Financial Information in Section 6.
Property	An individual centre included in the Portfolio.
Property Lease Indemnity	Has the meaning given in Section 7.1.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	The date on which a copy of this Prospectus is lodged with ASIC, being 23 September 2019.
QLD	Queensland.
RBA	Reserve Bank of Australia.
Registry	Link Market Services Limited (ACN 083 214 537).
Regulation S	Regulation S promulgated under the US Securities Act.
Release Obligation	Has the meaning given in Section 7.1.
Relevant Lease	Has the meaning given in Section 7.3.
REIT	Real estate investment trust.
Retail Offer	The Broker Firm Offer and Priority Offer.
Rights	A performance right convertible into a Security upon satisfying the relevant performance hurdle (if any), and issued in accordance with the EEP or NEDEP (as applicable) with such terms as the Board determines.
Section	A section of this Prospectus.
Security	A HCL Share stapled to HCDL Share so that one security may not be issued, transferred or otherwise dealt with without a corresponding and simultaneous issue, transfer or dealing with the other security and which securities are or will be quoted jointly on ASX.
Securityholder	A holder of Securities.
sqm	Square metres.
Stapled or Stapling	The stapling together of each of one HCL Share and a HCDL Share so that one may not be transferred or otherwise dealt with without the other.
Stapling Deed	The stapling deed dated 21 September 2019 between HCL and HCDL a summary of which is contained in Section 14.6.
Stapling Matter	has the meaning given in Section 14.5.2.2.
Stapling Provisions	The stapling provisions described in section 14.5.2.
Stapled Entity	HCL or HCDL, as applicable and **Stapled Entities** means both of them.

15. Glossary continued

Term	Definition
Statutory Forecast Financial Information	The financial information described as Statutory Forecast Financial Information in Section 6.
Statutory Historical Financial Information	The financial information described as Statutory Historical Financial Information in Section 6.
STI	Short term incentive.
Sydney Time	The official time in Sydney, Australia.
US Exchange Act	The US Exchange Act of 1934, as amended.
US Person	A 'US Person' as defined in Rule 902(k) of Regulation S.
US Securities Act	The U.S. Securities Act of 1933, as amended.
VIC	Victoria.
WA	Western Australia.
WACR	Weighted Average Capitalisation Rate.
WALE	Weighted average lease expiry.
WARR	Weighted average rental review.
Woolworths	Woolworths Group Limited (ACN 000 014 675).
Woolworths Guaranteed Leases	Has the meaning given in Section 7.1.
Woolworths Security	Has the meaning given in Section 7.1.
Woolworths Transaction Documents	Has the meaning given in Section 7.1.
Woolworths Warranties and Indemnities	The warranties and indemnities under the Acquisition Agreement in respect of which HIC Trustee's recourse for breach is a claim against Woolworths.
Voluntary Escrow Deed	Voluntary escrow deeds dated 23 September 2019 between HomeCo and each of HIC Trustee and HICC 2.

Application Form

Hi-res PDF to be supplied.

(4 pages have been allocated for an Application Form and a duplicate form. This is because the stock used differs from the main Prospectus, and must be a 4-page section for binding purposes.)

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Corporate Directory

Corporate directory

Home Consortium Limited

ACN 138 990 593
19 Bay Street
Double Bay NSW 2028

Home Consortium Developments Limited

ACN 635 859 700
19 Bay Street
Double Bay NSW 2028

Australian Legal Advisor

Baker & McKenzie

Tower One, International Towers Sydney
Level 46, 100 Barangaroo Avenue
Barangaroo NSW 2000

Taxation Advisor

Greenwoods & Herbert Smith Freehills Pty Limited

Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Investigating Accountant

Ernst & Young Transaction Advisory Services Limited

The EY Centre
Level 34, 200 George Street
Sydney NSW 2000

Auditor

PwC

Tower One, International Towers Sydney
Level 17, 100 Barangaroo Avenue
Barangaroo NSW 2000

Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

HomeCo Offer Information Line

1800 237 687 (within Australia)
+61 1800 237 687 (outside Australia)

HomeCo Website

https://www.homeconsortium.com.au/

Joint Lead Managers

Credit Suisse (Australia) Limited

Gateway
Level 31, 1 Macquarie Place
Sydney NSW 2000

Goldman Sachs Australia Pty Ltd

Governor Phillip Tower
Level 46, 1 Farrer Place
Sydney NSW 2000

J.P. Morgan Securities Australia Limited

J.P. Morgan House
Level 18, 85 Castlereagh Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited

Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Crestone Wealth Management Limited

Level 32, Chifley Tower
2 Chifley Square
Sydney NSW 2000

E.L. & C. Baillieu Limited

Level 40, 259 George Street
Sydney NSW 2000

Morgans Financial Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

National Australia Bank Limited

Level 25, NAB House
255 George Street
Sydney NSW 2000

Ord Minnett Limited

Level 8, NAB House
255 George Street
Sydney NSW 2000

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Home Co.

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