Home Consortium

ASX RELEASE

19 October 2020

NOTICE OF ANNUAL GENERAL MEETING 2020

Home Consortium (ASX: HMC) advises that the Annual General Meeting of its securityholders will be held on **Wednesday, 18 November 2020** at **10.30am** (Sydney time) (**Meeting**).

A copy of the Notice of Meeting, Explanatory Memorandum, Addendum Explanatory Memorandum in relation to the establishment of HomeCo Daily Needs REIT and Product Disclosure Statement in relation to the distribution and offer of units in the HomeCo Daily Needs REIT are attached to this announcement.

Securityholders are encouraged to carefully review and consider the Notice of Meeting, Explanatory Memorandum, Addendum Explanatory Memorandum and Product Disclosure Statement and are urged to attend the Meeting via the live webcast or vote by lodging the Proxy Form.

The health and wellbeing of our securityholders is paramount. On that basis and in accordance with government guidance and restrictions on travel and public gatherings at this time the directors of Home Consortium have decided that the Meeting will be held in virtual format only. Securityholders may be present virtually and vote through an online platform at https://agmlive.link/HMC2022.

The online platform will allow securityholders to participate in the Meeting and vote during the Meeting. Further details on how to participate online is set out in the Virtual Meeting Online Guide available at https://investors.home-co.com.au/investor-centre/.

Even if securityholders intend to attend the Meeting online, Home Consortium encourages securityholders to vote by completing and submitting a proxy form as early as possible. Securityholders may use the Proxy Form attached to the Notice of Meeting or online at https://linkmarketservices.com.au/. Please note that your votes need to be received by 10.30am (Sydney time) on Monday, 16 November 2020.

In the event that it is necessary for Home Consortium to provide further updates, information will be available on Home Consortium's website (https://investors.home-co.com.au/investor-centre/) and lodged with ASX.

-ENDS-

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Authorised for release by the Home Consortium Board

About HomeCo

HomeCo is an internally managed Australian property group focused on ownership, development and management. HomeCo is built on a platform of big brands and hyper-convenience, with each centre anchored by leading brands backed by some of Australia's most successful property development and retail organisations including predominantly national retailers spanning daily needs, leisure and lifestyle and services enterprises.

Notice of Annual General Meeting

Home Consortium

Home Consortium Limited (ACN 138 990 593)
Home Consortium Developments Limited (ACN 635 859 700)

Wednesday, 18 November 2020 at 10.30am (Sydney time)

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Securityholders are in doubt as to how they should vote, they should seek advice from their stockbroker, investment advisor, accountant, solicitor, or other professional adviser prior to voting.

Securityholders are urged to attend via the live webcast at https://agmlive.link/HMC2022 or vote by lodging the Proxy Form attached to the Notice.

Letter from the Executive Chairman and Deputy Chairman

19 October 2020

Dear Securityholder,

On behalf of the Board, we are pleased to invite you to participate in the annual general meeting of Home Consortium, which will be held at **10.30am (Sydney time) on 18 November 2020**.

Securityholders will be asked to support several resolutions being put at the meeting, namely the election of Kelly O'Dwyer as a director for a three-year term, adoption of the Remuneration Report, grant of performance rights to the Executive Chairman and Chief Executive Officer, an increase in the maximum remuneration of the non-executive Directors as well as approval of the Employee Equity Plan and Non-executive Director Equity Plan.

These resolutions are an important part of the Company's stated intention to appoint Christopher Saxon as independent Chairman of the Company from 1 January 2021, a step that will see the Company's corporate governance arrangements reflect best practice and the market's expectations.

In addition, Securityholders will be asked to approve resolutions related to two separate but important transactions for Home Consortium.

Resolution 8 relates to the proposal to establish the HomeCo Daily Needs REIT, a new real estate investment trust that is to own a portfolio of Australian daily needs centres. The HomeCo Daily Needs REIT will be a separate, standalone entity that is managed by Home Consortium and listed on the ASX in its own right.

Resolution 7 is to approve the creation of a security interest in favour of Woolworths Group Limited over 80 million stapled securities in Home Consortium in connection with the restructure of Home Consortium's leasehold property exposures and the supporting Woolworths Group security arrangements. In connection with this security interest, Woolworths Group Limited will release its existing second ranking security over the assets of Home Consortium, and Home Consortium will dispose of its remaining exposure to leasehold properties.

The Notice and Explanatory Memorandum in the following pages provide further details on all the Resolutions and we urge you to read the contents carefully.

All Directors eligible to vote recommend Securityholders vote in favour of all the Resolutions (including all independent non-executive Directors).

The Independent Expert has also concluded that the advantages to the Proposed Restructure (the subject of Resolution 7) outweighs the disadvantages to existing Securityholders.

Each Director eligible to vote intends to vote all the Securities he or she holds or that are controlled by him or her in favour of all Resolutions proposed.

In these unprecedented times requiring social distancing and restrictions on travel as a result of COVID-19, Home Consortium is holding a virtual meeting as proposed in this Notice, ensuring that all Securityholders have a reasonable opportunity to participate in the meeting. Information regarding this process is set out in the Notice and accompanying Explanatory Memorandum.

On behalf of the Board we thank you for your consideration of the resolutions.

Yours faithfully

David Di Pilla
Executive Chairman and
Chief Executive Officer
Home Consortium

Christopher Saxon
Deputy Chairman and
Lead Independent Director
Home Consortium

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of securityholders of Home Consortium Limited (ACN 138 990 593) will be held in conjunction with a meeting of shareholders of Home Consortium Developments Limited (ACN 635 859 700) (together the **Meeting**) on 18 November 2020 at 10.30am (Sydney time). Home Consortium Limited and Home Consortium Developments Limited are collectively referred to as **Home Consortium** or the **Company**.

In accordance with government guidance and restrictions on travel and public gatherings at the time of issuing this Notice, the Meeting will be held in virtual format only.

Securityholders may be present virtually and vote through an online platform provided by the Home Consortium share registry, Link Market Services, at https://agmlive.link/HMC2022. Further information on how to do this is set out in this Notice and the Virtual General Meeting Online Guide available on the Home Consortium website, which has also been lodged with ASX.

The online platform will provide a reasonable opportunity for Securityholders to participate, and the Meeting will operate on the basis that such participation will constitute Securityholders being present at the Meeting for all purposes.

Voting on all resolutions will occur by way of poll, and the online platform will enable Securityholders to lodge a vote in real time.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Securityholders on 16 November 2020 at 7.00pm (Sydney time).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

Ordinary Business

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020.

2. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> "*That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted on the terms and conditions summarised in the Explanatory Memorandum.*"

3. Resolution 2 – Election of Director – Kelly O'Dwyer

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> "*That, pursuant to and in accordance with clause 22.2 of the Constitution and for all other purposes, Kelly O'Dwyer being eligible, be elected as a Director on the terms and conditions summarised in the Explanatory Memorandum.*"

4. Resolution 3 –Directors' Remuneration

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *“That, for the purposes of clause 23.1 of the Constitution, Listing Rule 10.17 and for all other purposes, the maximum total fees payable to non-executive Directors be increased by $200,000 per annum to $1,200,000 per annum on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

Home Consortium will disregard any votes cast in favour of this Resolution by any person who is a Director or an associate of a Director.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

5. Resolution 4 – Approval of Employee Equity Plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> "*That, pursuant to and in accordance with Listing Rule 7.2, exception 13 and for all other purposes, Securityholders approve the "Employee Equity Plan" and the issue of Equity Securities under the Employee Equity Plan on the terms and conditions summarised in the Explanatory Memorandum."*

Voting Exclusion

Home Consortium will disregard any votes cast in favour of this Resolution by any person who is eligible to participate in the Employee Equity Plan or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

6. Resolution 5 – Approval of Non-Executive Director Equity Plan and issue of Rights

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Securityholders approve the "Non-Executive Director Equity Plan" and the issue of Equity Securities under the Non-Executive Director Equity Plan on the terms and conditions summarised in the Explanatory Memorandum.*"

Voting Exclusion

Home Consortium will disregard any votes cast in favour of this Resolution by any person who is eligible to participate in the Non-Executive Director Equity Plan or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

7. Resolution 6 – Issue Performance Rights to David Di Pilla

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That, subject to Resolution 4 being passed, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Performance Rights to Mr David Di Pilla (and/or his nominee) under the Employee Equity Plan on the terms and conditions summarised in the Explanatory Memorandum.*"

Voting Exclusion

Home Consortium will disregard any votes cast in favour of this Resolution by David Di Pilla or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

 (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

 (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition for Resolutions 1 and 3 to 6

A vote on Resolutions 1 and 3 to 6 must not be cast:

(a) by or on behalf of a KMP (in the case of Resolution 1, details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2020) or a Closely Related Party of such member (regardless of the capacity in which the vote is cast); or

(b) by a person appointed as a proxy, where that person is either a KMP or a Closely Related Party of a KMP,

unless the vote is cast as a proxy for a person permitted to vote on Resolutions 1 or 3 to 6:

(c) in accordance with a direction as to how to vote on the Proxy Form; or

(d) by the Chair pursuant to an express authorisation to exercise the proxy even though it is connected with the remuneration of a KMP.

Special Business

8. Resolution 7 – Approval for Woolworths Group to acquire a relevant interest arising under the Proposal A SSD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for Woolworths Group Limited to acquire a relevant interest in the Secured Securities as a result of the Proposal A SSD and otherwise on the terms and conditions summarised in the Explanatory Memorandum.*"

Independent Expert's Report

Securityholders should carefully consider the Independent Expert's Report contained in Schedule 4 of the Explanatory Memorandum. The Independent Expert has concluded that the advantages to

Securityholders who are not associated with the Woolworths Group or HIC Trustee outweigh the disadvantages in relation to an acquisition by Woolworths Group of a relevant interest in Home Consortium securities pursuant to the Proposal A SSD.

Voting Exclusion

Home Consortium will disregard any votes cast in favour of this Resolution by or on behalf of Woolworths Group, HIC Trustee and HICC 2 Pty Limited or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

9. Resolution 8 – Approval of Capital Reduction

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> "*That, pursuant to and for the purposes of sections 256B and 256C of the Corporations Act, subject to and conditional on the conditions precedent set out in clause 2 of the Implementation Deed being satisfied or waived in accordance with that deed, a reduction in the share capital of the Company be approved as follows:*
>
> *(a) the share capital of the Company be reduced on the Implementation Date by the Capital Reduction Amount, with such amount being applied equally against each Security on issue as at the Capital Distribution Record Date;*
>
> *(b) that reduction be effected and satisfied by the in-specie distribution by the Company, to each person who is a Securityholder at the Capital Distribution Record Date, of one Unit for every 2 Securities of which that person is the registered holder as at the Capital Distribution Record Date, with any fractional entitlements being rounded down to the nearest whole number; and*
>
> *(c) that reduction be effected otherwise in the manner and on the terms and conditions summarised in the Explanatory Memorandum.*"

Dated: 19 October 2020

By order of the Board

Andrew Selim
General Counsel and Company Secretary
Home Consortium

Explanatory Memorandum

1. Introduction

1.1 Overview

This Explanatory Memorandum has been prepared for the information of Securityholders in connection with the business to be conducted at the Meeting to be held via the live webcast at https://agmlive.link/HMC2022 on Wednesday, 18 November 2020 at 10.30am (Sydney time).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

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Section 3	Resolution 1 – Remuneration Report
Section 4	Resolution 2 – Election of Director – Kelly O'Dwyer
Section 5	Resolution 3 –Directors' Remuneration
Section 6	Resolution 4 – Approval of Employee Equity Plan
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Special Business	
Section 9	Resolution 7 – Approval for Woolworths Group to acquire a relevant interest arising under the Proposal A SSD
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Schedules	
Schedule 1	Definitions
Schedule 2	Terms of Employee Equity Plan
Schedule 3	Terms of Non-Executive Director Equity Plan
Schedule 4	Independent Expert's Report

1.2 Chair

Home Consortium has appointed David Di Pilla, Executive Chairman and Chief Executive Officer, as the Chair of the Meeting. Christopher Saxon will act as Chair of the Meeting for Resolutions 6 and 7.

1.3 Eligibility to vote

Securityholders will be eligible to vote at the Meeting if they are registered holders of Securities as at 16 November 2020 at 7.00pm (Sydney time).

1.4 Voting methods

How to vote prior to the Meeting — Securityholders may lodge a direct vote or appoint a proxy online at www.linkmarketservices.com.au or by submitting a voting form to the share registry. Please note that your votes need to be received by no later than 10.30am (Sydney time) on 16 November 2020. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

How to be present virtually and vote at the Meeting — Due to COVID-19 restrictions, physical attendance at the Meeting will not be possible. However, you will have the opportunity to be present virtually via a live webcast and will be able to vote electronically via an online platform (including lodging a vote in real time and asking questions online). You can access the platform at https://agmlive.link/HMC2022. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

Voting will be available between the commencement of the Meeting (10.30am (Sydney time) on 18 November 2020) and the closure of voting as announced by the Chair during the meeting.

More information regarding online participation at the Meeting including how to vote and ask questions is available in the Virtual General Meeting Online Guide. The Guide is available on the Home Consortium website and has been lodged with the ASX.

1.5 Voting

Attorneys

A Securityholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or by the Company's share registry by no later than 10.30am (Sydney time) on 16 November 2020.

Corporate representatives

A body corporate which is a Securityholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting in accordance with section 250D of the Corporations Act.

If you wish to appoint a body corporate as your proxy, you must specify on the Proxy Form:

- the full name of the body corporate appointed as proxy; and
- the full name or title of the individual representative of the body corporate who will be present virtually at the Meeting.

Representatives should provide satisfactory evidence of their appointment including any authority under which that appointment is signed (unless previously given to the Company).

1.6 Voting by proxy

A Securityholder entitled to be present virtually and vote at the Meeting is entitled to appoint a proxy. A proxy need not be a Securityholder.

The appointment of one or more proxies will not preclude a Securityholder from being present virtually and voting.

A Securityholder entitled to cast more than one vote on a Resolution may appoint two proxies, in which case the Securityholder should specify the proportion or number of votes that each proxy is appointed to exercise. If no proportions or numbers are specified, each proxy may exercise half of the Securityholder's votes.

Securityholders are encouraged to direct their proxies how to vote on each resolution by selecting the 'for', 'against' or 'abstain' box for each item on the proxy form. If a proxy chooses to vote, then he/she must vote in accordance with the directions set out in the proxy appointment form.

If the Chair of the Meeting is appointed, or taken to be appointed, as a proxy but the appointment does not direct the proxy how to vote on a resolution, then the Chair intends to exercise the relevant Securityholder's votes in favour of the relevant Resolution (subject to the other provisions of these notes, including any voting exclusions set out in the Notice).

In order for the proxy appointment to be valid, completed Proxy Forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned before 10.30am (Sydney time) on 16 November 2020 in one of the following four ways:

- by mail: Locked Bag A14, SYDNEY SOUTH, NSW 1235
- online at: www.linkmarketservices.com.au
- by facsimile: (+612) 9287 0309
- by hand (within business hours): 1A Homebush Bay Drive, Rhodes NSW 2138; or Level 12, 680 George Street, SYDNEY, NSW 2000.

1.7 Asking questions at the Meeting

Securityholders' questions through an online platform are welcome at the Meeting. Securityholders are encouraged to submit questions before the meeting online at https://agmlive.link/HMC2022 by clicking on "Ask a Question", or online at www.linkmarketservices.com.au by logging into your holding, selecting voting and then 'ask a question'. Submitting questions in advance will not stop any Securityholder from asking questions at the Meeting through an online mechanism should they wish to do so, but will facilitate a considered reply.

Questions should be received by no later than 10.30am (Sydney time) on 16 November 2020. Please note that individual responses will not be sent.

Ordinary Business

2. Financial Report, Directors' Report and Auditor's Report

The Annual Report for year ending 30 June 2020 (which includes the Financial Report, the Directors' Report and the Auditor's Report) will be presented to the meeting. Securityholders will shortly be able to access a copy of the Annual Report on the Company's website at: https://investors.home-co.com.au/investor-centre/. As permitted by the Corporations Act, a printed copy of the Annual Report has been sent only to those Securityholders who have elected to receive a printed copy.

Questions and Comments

Securityholders will be given a reasonable opportunity to ask questions about, and make comments on, the Annual Report and the audit and the management of the Company. There is no formal Resolution to be voted on in relation to this item of business.

Similarly, you will have a reasonable opportunity at the meeting to ask PricewaterhouseCoopers, the Company's auditor, questions about their audit report.

Alternatively you can submit written questions to the Auditor about their audit report. Written questions must be received by the share registry no later than 10.30am (Sydney time) on 16 November 2020 at the postal address, web site address or fax number for lodgement of proxies. The questions may be sent to the Company Secretary at 19 Bay Street, Double Bay NSW 2028. A list of questions for the auditor will be available at the meeting.

3. Resolution 1 – Remuneration Report

3.1 Content of Remuneration Report

Directors of listed companies, such as the Company, are required to provide detailed disclosures of director and senior executive remuneration in their directors' reports. These disclosures are set out in the Remuneration Report (which forms part of the Directors' Report) and were included in the Annual Report.

The Remuneration Report includes:

- details of the remuneration provided to the non-executive Directors and other Key Management Personnel for the year ended 30 June 2020;
- discussion of the Board's policy in relation to the nature and level of remuneration of the Directors, Chief Executive Officer and other Key Management Personnel, including in relation to performance hurdles; and
- discussion of the relationship between the Board's remuneration policy and the Company's financial performance.

There will be a reasonable opportunity for Securityholders to comment on, and ask questions about, the Remuneration Report at the meeting.

3.2 Nature of Resolution

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Securityholders will have the opportunity to remove the whole Board except the Chief Executive Officer if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive Annual General Meetings.

If a resolution on the Remuneration Report receives a Strike at two consecutive Annual General Meetings, the Company will be required to put to Securityholders at the second Annual General Meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Chief Executive Officer) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

If the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2021 Annual General Meeting, this may result in the re-election of the Board.

3.3 Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Securityholders vote in favour of adopting the Remuneration Report.

The Chair intends to exercise all available proxies in favour of Resolution 1.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

4. Resolution 2 – Election of Director – Kelly O'Dwyer

4.1 General

Clause 22.2 of the Constitution provides that while the Company is admitted to the official list of ASX, at least one Director must stand for election or re-election at each annual general meeting.

Clause 21.3 of the Constitution states that a Director appointed by the Company must be elected by ordinary resolution of Securityholders.

Resolution 2 therefore seeks Securityholder approval pursuant to clause 21.3 of the Constitution for the appointment of Kelly O'Dwyer as a Director. Kelly O'Dwyer will be an independent non-executive director, if elected.

The Honourable Kelly O’Dwyer served as a member of the Australian Parliament for over nine years representing the Liberal Party in the Federal seat of Higgins.

Elected at 32, Ms O’Dwyer was the youngest woman appointed to Cabinet, the first woman to serve in Cabinet in a Treasury portfolio and the only Cabinet Minister to have given birth whilst in office.

Ms O’Dwyer held a number of senior economic portfolios including Minister for Jobs and Industrial Relations; Minister for Revenue and Financial Services; Minister for Small Business; and Assistant Treasurer. Ms O’Dwyer also served as Minister for Women; as well as Minister Assisting the Prime Minister with the Public Service. She was internationally recognised as one of the most inspiring and influential women of 2018 in the BBC’s 100 Women list.

Ms O’Dwyer was a member of Federal Cabinet and the Cabinet’s Budget Committee (the Expenditure Review Committee) from 2015 until her retirement from Parliament in 2019.

Prior to entering Parliament, Ms O’Dwyer worked in law, government and finance: as a mergers and acquisitions lawyer at Freehills (now Herbert Smith Freehills); as a Senior Adviser to the Federal Treasurer, the Hon. Peter Costello AC; and as Head of Private and Institutional Wealth at the National Australia Bank.

Ms O’Dwyer is currently a member of the School Council of Caulfield Grammar School.

Resolution 2 is an ordinary resolution.

4.2 Directors' Recommendation

The Directors recommend that Securityholders vote in favour of Resolution 2. Each Director intends to vote any Securities he or she owns or controls in favour of Resolution 2.

The Chair intends to exercise all available proxies in favour of Resolution 2.

5. Resolution 3 –Directors' Remuneration

5.1 General

Clause 23.1 of the Constitution provides that the maximum aggregate remuneration to be provided to or for the benefit of the non-executive Directors for services rendered is, until a different amount is determined, $1,000,000 per year.

In accordance with Listing Rule 10.17, the Company must not increase the total amount of non-executive Directors' fees payable by it and any of its child entities without the approval of holders of its ordinary securities. This rule does not apply to the salary of an executive director.

Listing Rule 10.17 also provides that the Notice must include the amount of the increase, the maximum amount that may be paid to the Directors as a whole, and a voting exclusion statement.

Resolution 3 seeks Securityholder approval to increase the aggregate amount of fees available to be paid to non-executive Directors, by $200,000 from the current $1,000,000 per annum, to an aggregate amount of $1,200,000 per annum (inclusive of superannuation).

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

(a) with effect from 1 January 2021, Christopher Saxon will become the Independent Chairman of the Company;

(b) subject to Resolution 2 being passed, the Company will appoint an additional Director in Kelly O'Dwyer, who will also become a member of the Audit and Risk Committee;

(c) non-executive Directors fees may in the future need to be increased to retain Directors;

(d) an increase in the fees will allow the Company to attract any new Directors of a calibre required to effectively guide and monitor the business of the Company.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount given the additions to the Board as well as the intended change to the Chairman. This will also provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 30 June 2020 is detailed in the Annual Report.

As at the date of this Notice the following Rights and Restricted Securities have been issued to non-executive Directors under listing rule 10.11 or 10.14 in the preceding 3 years under the NEDEP:

	Rights Issued	Restricted Securities Issued	Rights Unvested
Greg Hayes	4,893	Nil	4,893
Zac Fried	4,448	Nil	4,448
Jane McAloon	37,390	33,831	3,559
Christopher Saxon	37,390	33,831	3,559
Brendon Gale	36,500	33,831	2,669
Kelly O'Dwyer (subject to Resolution 2 being passed)	Nil	Nil	Nil

A voting exclusion statement is included in the Notice.

Resolution 3 is an ordinary resolution. If Resolution 3 is not passed, the Company will be able to pay the fees of the non-executive Directors up to the current maximum of $1,000,000 per year, unless and until Securityholders approve an increase. That may impact the Company's ability to gain some of the benefits that the proposed increase may bring.

5.2 Directors' Recommendation

Given their personal interest in the subject matter, the Directors make no recommendation to Securityholders in relation to Resolution 3.

Where entitled to do so, the Chair intends to exercise all available proxies in favour of Resolution 3.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 3, by signing and returning the proxy form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

6. Resolution 4 – Approval of Employee Equity Plan

6.1 General

The Company's long-term incentive plan for employees, the Employee Equity Plan (**EEP**), was established prior to the Company's admission to ASX.

The EEP was:

(a) established to assist in the motivation, reward and retention of Key Management Personnel and other Home Consortium employees from time to time; and

(b) 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 the Company subject to the satisfaction of certain performance conditions.

In December 2019, amendments to the Listing Rules took effect. Under the amended Listing Rules, in the case of an employee incentive scheme established before the entity was listed on ASX (such as the Company's EEP), the entity's admission document (i.e. prospectus or product disclosure statement) must, among other things, now disclose the maximum number of Equity Securities proposed to be issued under the scheme. On this basis, the purpose of Resolution 4 is to seek approval of the EEP, including the issue of Equity Securities under the EEP, for the purpose of Listing Rule 7.2, exception 13 and for all other purposes.

A summary of the key terms and conditions of the EEP is set out in Schedule 2.

Resolution 4 is an ordinary resolution.

6.2 ASX Listing Rules

Listing Rule 7.1 provides that an entity must not (subject to specified exceptions), issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of its ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 13(b) sets out an exception to Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which securityholders approve the issue of Equity Securities under the scheme as an exception to Listing rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Equity Securities under the EEP to eligible participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without Securityholder approval in any 12 month period. If Resolution 4 is not passed, the Company will be able to issue Equity Securities under the EEP to eligible participants but those issues will impact on the Company’s ability to issue up to 15% of its total ordinary securities without Securityholder approval in any 12 month period.

Any future issue of Equity Securities under the EEP to a related party or person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Securityholder approval under Listing Rule 10.14 at the relevant time.

6.3 Specific information required by Listing Rule 7.2

Listing Rule 7.2, exception 13(b) requires the following information to be provided to Securityholders:

(a) the material terms of the EEP are summarised in Schedule 2;

(b) since the EEP was adopted and the Company was listed on ASX, a total of 880,855 Performance Rights have been granted. Following the achievement of certain vesting conditions, no Performance Rights have been converted to fully paid ordinary shares in the Company under the EEP since it was adopted;

(c) the maximum number of Equity Securities proposed to be issued under the EEP within the three year period following Securityholder approval is 12,861,327, being 5% of the total number of Securities on issue as at the date of the Notice. This maximum is not intended to be a prediction of the actual number of Equity Securities to be issued under the EEP, but rather is simply a ceiling for the purposes of Listing Rule 7.2, exception 13(b). Once that number is reached, any additional issues of Equity Securities under the EEP would not have the benefit of Listing Rule 7.2, exception 13 without a fresh Securityholder approval; and

(d) a voting exclusion statement is included in the Notice for Resolution 4.

6.4 Directors' Recommendation

The Directors recommend that Securityholders vote in favour of Resolution 4. Each Director intends to vote any Securities he or she owns or controls in favour of Resolution 4.

The Chair intends to exercise all available proxies in favour of Resolution 4.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

7. Resolution 5 – Approval of Non-Executive Director Equity Plan

7.1 General

The Company's long-term incentive plan for Non-Executive Directors, the Non-Executive Director Equity Plan (**NEDEP**), was established prior to the Company's admission to ASX.

The purpose of the NEDEP is to provide the opportunity for Non-Executive Directors to acquire Rights to receive Securities through sacrificing a portion of their annual remuneration thereby:

(a) allowing Non-Executive Directors to become Securityholders and share in the success of the Company;

(b) aligning the interests of Non-Executive Directors with those of Securityholders; and

(c) allowing Non-Executive Directors the opportunity to acquire Securities in a tax-effective manner.

In December 2019, amendments to the Listing Rules took effect. Under the amended Listing Rules, in the case of an employee incentive scheme established before the entity was listed on ASX (such as the Company's NEDEP), the entity's admission document (i.e. prospectus or product disclosure statement) must, among other things, now disclose the maximum number of Equity Securities proposed to be issued under the scheme. On this basis, the purpose of Resolution 5 is to seek approval of the NEDEP, including the issue of Equity Securities under the NEDEP, for the purpose of Listing Rule 10.14 and for all other purposes.

A summary of the key terms and conditions of the NEDEP is set out in Schedule 3.

Resolution 5 is an ordinary resolution.

7.2 ASX Listing Rules

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

(a) a director of the entity;

(b) an associate of a director of the entity; or

(c) a person whose relation with the entity or person referred to in (a) or (b) above is such that, in ASX's opinion, approval should be obtained.

Resolution 5 seeks Securityholder approval, pursuant to Listing Rule 10.14, for the proposed grant of the Equity Securities to the Non-Executive Directors, who are directors of the Company.

Listing Rule 7.1 provides that an entity must not (subject to specified exceptions), issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of its ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 14 sets out an exception to Listing Rule 7.1, which provides that issues made with the approval of Securityholders under Listing rule 10.14 do not count towards the 15% limit under Listing Rule 7.1. As Securityholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

If Resolution 5 is passed, the Company will be able to issue Equity Securities under the NEDEP (on the terms set out in this Explanatory Memorandum) to eligible participants over a period of 3 years without Securityholder approval and without impacting the Company's ability to issue up to 15% of its total ordinary securities without Securityholder approval in any 12 month period.

If Resolution 5 is not passed, the Company will not be able to issue Equity Securities under the NEDEP to eligible participants unless and until Securityholder approval is obtained.

7.3 How is the number of Rights allocated?

The Non-Executive Directors are able to voluntarily elect to acquire Rights, in lieu of up to 50% of their annual cash Board fees in any 12 month period. The annual Non-Executive Directors base fee agreed to be paid by Home Consortium to each of the Non-Executive Directors is $100,000 per annum. 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.

The Company intends to use the following formula for calculating the number of Rights (**Fee Sacrifice Rights**) to be issued under the NEDEP:

$$No.of\ Rights = \frac{A}{B}$$

Where:

A = is the amount of remuneration that an Non-Executive Director wishes to sacrifice for the relevant period.

B = the volume weighted average price (VWAP) of a Security over the 5 trading days following the Company's half or full year results announcement for the relevant period. For Fee Sacrifice Rights to be granted in lieu of Board fees for the FY21 financial year, the relevant VWAP is $3.16, being the 5-day VWAP following announcement of the FY20 full-year results.

The Fee Sacrifice Rights will automatically vest and Restricted Securities will be issued to the Non-Executive Directors on or around the first trading day of the next available trading window after their date of issue. The Fee Sacrifice Rights will only vest if the relevant Non-Executive Director continues to hold office as a Director on the vesting date.

Each Right is a conditional right to acquire one Security. They do not carry any dividend or voting rights prior to vesting.

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 grant of the Rights (e.g. following the delivery of the Company's financial statements for the period ending 31 December 2020). The Securities issued on conversion of the Rights will be subject to disposal restrictions until the Non-Executive Director retires from the Board.

7.4 Impact of capital reduction on Rights

HomeCo is proposing to undertake an equal Capital Reduction in the Company's share capital, subject to shareholder approval. Details of the Capital Reduction are set out in Resolution 8.

Non-Executive Directors who hold Rights or will be granted Rights (as details in this section 7) under the NEDEP will not be entitled to participate in the Capital Reduction in respect of those Rights. Therefore, in order to preserve the value of the Rights following the Capital Reduction, the Board has determined that, subject to the Capital Reduction being approved, the number of Rights held by each NED will be adjusted through the grant of additional Rights.

The adjusted number of Rights following the grant of additional Rights will be calculated using the methodology approved by the Board by using the following formula:

$$\frac{\textit{HomeCo VWAP following the Implementation Date + Unit VWAP following the Implementation Date}}{\textit{HomeCo VWAP following the Implementation Date}}$$

Where:

"HomeCo VWAP" is the volume-weighted average price of a Home Consortium security over 5 trading days

"Unit VWAP" is the volume-weighted average price of a HomeCo Daily Needs REIT unit over 5 trading days

The VWAP calculation will be based on the first five trading days following the Implementation Date subject to any adjustment that the Board considers appropriate in the event that the relevant five day VWAP is reasonably determined by the Board to have been distorted by an unforeseen temporary market event unrelated to either the Home Consortium or HomeCo Daily Needs REIT entities.

In relation to Rights held by NEDs that were granted under the NEDEP in FY20, the grant of additional Rights to each NED will be made as soon as practical after the Implementation Date, and will be granted on substantially the same terms as the existing Rights in respect of that particular grant.

In relation to Rights that will be granted to NEDs under the NEDEP in lieu of Board fees payable in respect of FY21, each NED will be issued the relevant number of Rights in accordance with the formula set out in section 7.3 plus the additional Rights in accordance with the above formula.

7.5 Issue of Rights to Kelly O'Dwyer

Subject to Resolution 2 being passed, Ms O'Dwyer will be elected to the Board. Ms O'Dwyer is currently engaged as an independent consultant to the Company. Under her consultancy agreement, Ms O'Dwyer is entitled to receive a one-off grant of Rights and cash for her consultancy. The quantum of the grant will be equal to two times the consulting fees payable to Ms O'Dwyer in respect of the first three months of her consultancy.

Accordingly, Ms O'Dwyer will be granted 23,735 Rights to the value of $75,002.60 (which is based on 3 months of consultancy fees). The number of Rights she will be issued is based on her grant value divided by $3.16, being the VWAP of a Security over the 5 trading days following announcement of the Company's FY20 full-year results.

The Rights will be granted under the NEDEP and will not be subject to any performance conditions and, subject to Ms O'Dwyer continuing to hold office as a Director, will generally vest and automatically convert in a trading window following grant of the Rights (e.g. following release of the Company's half-year results for the period ending 31 December 2020). The Securities issued on conversion of the Rights will be subject to disposal restrictions until Ms O'Dwyer retires from the Board.

7.6 Specific information required by Listing Rule 10.15

Listing Rule 10.15 requires the following information be provided to Securityholders:

(a) the Directors entitled to participate are Kelly O'Dwyer (subject to Resolution 2 being passed), Greg Hayes, Zac Fried, Jane McAloon, Christopher Saxon and Brendon Gale (and/or their nominee);

(b) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the NEDEP after this Resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under the rule;

(c) only Non-Executive Directors are eligible to participate in the NEDEP;

(d) the maximum number of Rights that could be allocated in the next three years cannot be calculated because it is subject to the Home Consortium security price. The maximum potential value of Rights that could be allocated annually under the NEDEP is, assuming Resolutions 2 and 3 are passed, equal to A$600,000 (which is 50% of the fee cap). The actual value of Rights that will be allocated will be lower, because the level of fees is below the Securityholder-approved fee cap, and not all directors will sacrifice all of their fees under the NEDEP.

In addition, Ms O'Dwyer will receive Rights under the NEDEP as described in section 6.5 above. Ms O'Dwyer may also participate in the NEDEP through a pre-tax sacrifice plan.

(e) the Non-Executive Directors' remuneration arrangements for FY2021 are as follows, assuming Resolution 2 is passed and Christopher Saxon is appointed as independent Chairman on 1 January 2021):

	Base Fee	Committee Fee*	Total
Greg Hayes	$100,000	$10,000	**$110,000**
Zac Fried	$100,000	-	**$100,000**
Jane McAloon	$100,000	$30,000	**$130,000**
Christopher Saxon	$250,000	-	**$250,000**
Brendon Gale	$100,000	$10,000	**$110,000**
Kelly O'Dwyer (subject to Resolution 2 being passed)	$100,000	$10,000	**$110,000**

*****: Directors (other than in respect of Christopher Saxon) are paid a committee fee of $20,000 per year for each Board committee of which they are a chairperson and $10,000 for each Board committee of which they are a member.

(f) each Non-Executive Director has previously been issued the following number of Rights and Restricted Securities under the NEDEP:

	Rights Issued	Restricted Securities Issued	Rights Unvested
Greg Hayes	4,893	Nil	4,893
Zac Fried	4,448	Nil	4,448
Jane McAloon	37,390	33,831	3,559
Christopher Saxon	37,390	33,831	3,559
Brendon Gale	36,500	33,831	2,669
Kelly O'Dwyer (subject to Resolution 2 being passed)	Nil	Nil	Nil

Nil consideration was paid for the issue of the Rights or their conversion into Restricted Securities;

(g) the Company uses Rights to allow Non-Executive Directors the opportunity to acquire equity in the Company through a pre-tax fee sacrifice plan and to create alignment between Non-Executive Directors and ordinary Securityholders without providing the full benefits of Security ownership (such as dividend and voting rights) unless and until the Rights vest;

In addition, Rights will be granted to Ms O'Dwyer under the NEDEP in respect of her consultancy fee, as set out in section 7.5 above.

(h) the allotment and issue of the Rights will occur no later than three years after the Meeting;

(i) no consideration is payable for the grant of Rights or on conversion of the Rights as participation in the NEDEP to acquire Rights requires the Non-Executive Director to salary sacrifice a percentage of existing remuneration to which the Non-Executive Director is otherwise entitled;

In addition, no consideration will be paid by Ms O'Dwyer in relation to Rights granted in respect of her consultancy fee, as set out in section 7.5 above.

(j) a summary of the material terms of the NEDEP is set out in Schedule 3;

(k) there is no loan in relation to the proposed issue of Rights to the Non-Executive Directors;

(l) details of any securities issued under the NEDEP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and

(m) a voting exclusion statement is included in the Notice for Resolution 5.

7.7 Directors' Recommendation

David Di Pilla (as the Executive Chairman) recommends that Securityholders vote in favour of Resolution 5. David Di Pilla intends to vote any Securities he owns or controls in favour of Resolution 5.

The Chair intends to exercise all available proxies in favour of Resolution 5.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a Key Management Personnel.

8. Resolution 6 – Issue Performance Rights to David Di Pilla

8.1 General

Subject to the approval of Resolution 4 and as set out in Section 6, the Company has established the EEP to:

(a) assist in the motivation, reward and retention of Key Management Personnel and other Home Consortium employees from time to time; and

(b) 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 the Company subject to the satisfaction of certain performance conditions.

Resolution 6 is an ordinary resolution.

8.2 ASX Listing Rules

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

(a) a director of the entity;

(b) an associate of a director of the entity; or

(c) a person whose relation with the entity or person referred to in (a) or (b) above is such that, in ASX's opinion, approval should be obtained.

Resolution 6 seeks Securityholder approval, pursuant to Listing Rule 10.14, for the proposed grant of the FY21 Award Rights to Mr David Di Pilla because Mr Di Pilla is a Director and so a person covered by Listing Rule 10.14.1.

As Securityholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of FY21 Award Rights to Mr Di Pilla pursuant to Resolution 6 will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue Equity Securities under the EEP (on the terms set out in this Explanatory Memorandum) to David Di Pilla and without impacting the Company’s ability to issue up to 15% of its total ordinary securities without Securityholder approval in any 12 month period.

If Resolution 6 is not passed, the Company will not be able to issue Equity Securities under the EEP to David Di Pilla and will need to seek alternative ways to incentivise him.

8.3 Impact of capital reduction on Rights

HomeCo is proposing to undertake an equal Capital Reduction in the Company's share capital, subject to shareholder approval. Details of the Capital Reduction are set out in Resolution 8.

David Di Pilla holds Performance Rights under the EEP and will not be entitled to participate in the Capital Reduction in respect of these Performance Rights. Therefore, in order to preserve the value of the Performance Rights following the Capital Reduction, the Board has determined that, subject to the Capital Reduction being approved, the number of

Performance Rights held by David Di Pilla will be adjusted through the grant of additional Rights.

The adjusted number of Rights following the grant of additional Rights will be calculated using the methodology approved by the Board by using the following formula:

$$\frac{\textit{HomeCo VWAP following the Implementation Date + Unit VWAP following the Implementation Date}}{\textit{HomeCo VWAP following the Implementation Date}}$$

Where:

"HomeCo WVAP" is the volume weighted average price of a Home Consortium security over 5 trading days

"Unit VWAP" is the volume weighted average price of a HomeCo Daily Needs REIT unit over 5 trading days

The VWAP calculation will be based on the first five trading days following the Implementation Date subject to any adjustment that the Home Consortium Board considers appropriate in the event that the relevant five day VWAP is reasonably determined by the Board to have been distorted by an unforeseen temporary market event unrelated to either the Home Consortium or HomeCo Daily Needs REIT entities.

In relation to Rights held by David Di Pilla that were granted under the EEP in FY20, the grant of additional Rights to David Di Pilla will be made as soon as practical after the Implementation Date, and will be granted on substantially the same terms as the existing Rights in respect of that particular grant.

In relation to Rights that will be granted to David Di Pilla under the EEP in FY21, David Di Pilla will be issued the relevant number of Rights in accordance with the formula set out in section 7.3 plus the additional Rights in accordance with the above formula. LTIP performance conditions for FY21 will be the same as those for FY20.

8.4 Specific information required by Listing Rule 10.15

Listing Rule 10.15 requires the following information be provided to Securityholders:

(a) 322,785 FY21 Award Rights are being granted to David Di Pilla. The number of Rights he will be issued is based on his grant value divided by $3.16, being the VWAP of a Security over the 5 trading days following announcement of the Company's FY20 full-year results;

(b) the Performance Rights (including the FY21 Award Rights and additional Performance Rights granted in respect of the Capital Reduction) will be granted to Mr David Di Pilla, Executive Chairman and Chief Executive Officer of the Company (and/or his nominee);

(c) In relation to the FY21 grant, the actual number of FY21 Award Rights that vest and will convert into Securities is dependent on the achievement of the vesting conditions as described in the FY21 Award Right terms and conditions. Performance conditions for FY21 will be the same as those for FY20;

(d) Mr Di Pilla's remuneration arrangements for FY21 as Executive Chairman and Chief Executive Officer are as follows:

Remuneration element	Opportunity
Fixed Remuneration (inclusive of Base Salary plus Superannuation)	$510,000
Long-Term Incentive – FY21 grant	200% of Fixed Remuneration at maximum

Further information regarding Mr Di Pilla's remuneration arrangements is detailed on in the 2020 Annual Report.

(d) Mr Di Pilla has previously been issued 268,365 Performance Rights under the EEP of which zero have vested and converted to Securities. Nil consideration was paid for the issue of the Performance Rights;

(e) a summary of the material terms of the FY21 Award Rights and details of the additional Award Rights (in respect of the Capital Reduction) is set out in sections 8.3 and 8.4;

(f) the Company uses Performance Rights because they create alignment between executives and ordinary Securityholders but do not provide the executives with the full benefits of Security ownership (such as dividend and voting rights) unless and until the Performance Rights vest;

(g) the Performance Rights will be granted for nil cash consideration;

(h) the allotment and issue of the FY21 Award Rights will occur as soon as practicable after the Meeting, but in any event no later than three years after the Meeting;

(i) a summary of the material terms of the EEP is set out in Schedule 2;

(j) there is no loan in relation to the proposed award of Performance Rights to Mr Di Pilla;

(k) details of any securities issued under the EEP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEP after the Resolution is approved and who were not named in the Notice will not participate until approval is obtained under that rule; and

(l) a voting exclusion statement is included in the Notice for Resolution 6.

8.5 Directors' Recommendation

The Directors (other than David Di Pilla) recommend that Securityholders vote in favour of Resolution 6. Each Director who makes a recommendation intends to vote any Securities he or she owns or controls in favour of Resolution 6.

The Chair intends to exercise all available proxies in favour of Resolution 6.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

9. Resolution 7 – Approval for Woolworths Group to acquire a relevant interest arising under the Proposal A SSD

9.1 Overview

A number of the properties in Home Consortium's existing portfolio were acquired by a consortium of investors (represented by Home Investment Consortium Company Pty Ltd as trustee for the Home Investment Consortium Trust (**HIC Trustee**)) from Woolworths Group in 2017. The properties included several freehold assets as well as 19 leasehold properties across Australia, of which 16 were subject to parent company guarantees provided by Woolworths Group to landlords in respect of which certain members of the Home Consortium group of entities are lessees (**Woolworths Guaranteed Leases**).

In connection with the acquisition, HIC Trustee and Woolworths Group entered into an indemnification deed (**Indemnification Deed**), under which HIC Trustee provided an indemnity to Woolworths Group in respect of any liability, cost or loss suffered by Woolworths Group in connection with (i) a Home Consortium 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 (**Property Lease Indemnity**).

In addition, Home Consortium and each of its subsidiaries have also:

(a) provided a guarantee and indemnity to Woolworths Group in respect of HIC Trustee's obligations and any money owing to Woolworths Group under the Property Lease Indemnity; and

(b) granted Woolworths Group a second ranking security in the form of general security deeds (but not mortgages) (**Woolworths Security**), to secure all obligations and money owing to Woolworths Group by Home Consortium and its subsidiaries.

In order to mitigate new Securityholders' exposure to the ongoing leasehold liability, Home Consortium put in place a number of mitigation strategies at the time of its admission to ASX, including the establishment of a lease mitigation account, which HIC Trustee has an obligation to top-up on an ongoing basis. Further details of the leasehold mitigation strategies implemented by Home Consortium are set out in section 7 of its Prospectus (a copy of which is available at www.asx.com.au).

Since acquiring the initial portfolio and its admission to ASX, Home Consortium has taken a number of steps to de-risk its exposure to the leasehold properties and as at the date of this Explanatory Memorandum, a significant number of the leasehold properties have been de-risked.

Given the material de-risking of the leasehold properties, and in conjunction with the acquisitions of properties from Woolworths Group announced on 1 July 2020, Home Consortium, HIC Trustee and Woolworths Group have reached an agreement (announced on 11 August 2020) to restructure the Woolworths Security with a view to accelerating and resolving the remaining leasehold liabilities.

9.2 Proposed Restructure

Under the "**Proposed Restructure**", it is proposed that:

(a) HIC Trustee will issue Home Consortium a promissory note for the release of HIC Trustee's obligations under the lease mitigation arrangements;

(b) Home Consortium Limited will sell all of the shares in Home Consortium Leasehold Pty Ltd (ACN 066 891 307), the entity party as tenant of such Woolworths Guaranteed Leases, and its subsidiaries to HIC Trustee for nominal consideration. Home Consortium Leasehold Pty Ltd is a wholly owned subsidiary of Home Consortium Limited through which the leasehold properties are held;

(c) the lease mitigation arrangements put in place at the time of Home Consortium's admission to ASX will be terminated; and

(d) Woolworths Group's existing second-ranking security over assets of the Home Consortium group, which is currently required to be released in full once there are five or less guaranteed leases, be replaced with a first-ranking security interest over up to 80,000,000 stapled securities in Home Consortium (**Secured Securities**) held by HIC Trustee and HICC 2 Pty Limited in its capacity as trustee of the Home Acquisition Trust (**HICC2**), with the number of Secured Securities subject to the first ranking security being reduced rateably on the release of each guarantee until there are no remaining guaranteed properties (together, **Proposal A**).

Proposal A is subject to a number of conditions, including approval by Securityholders.

If the requisite Securityholder approval is not received or any other condition to Proposal A is not satisfied, Woolworths Group will retain its existing second-ranking security over Home Consortium's assets until there are five or less guaranteed properties, at which point Woolworths Group will release that security as required by current arrangements and receive a first ranking security over up to 50,000,000 Securities held by HIC Trustee and HICC2, with the number of Securities subject to the first ranking security being reduced rateably on the release of each guarantee until there are no remaining guaranteed properties (**Proposal B**).

The proposals are set out in the Consent and Amendment Deed dated 11 August 2020 (**Consent and Amendment Deed**) between, among others, Woolworths Group, Home Consortium Limited, HIC Trustee and HICC2, which attaches the proposed form of specific security deed containing:

- the Proposal A provisions which will be implemented if Securityholder approval to the proposal is obtained and the other conditions to the proposal are satisfied (the **Proposal A SSD**); and
- the Proposal B provisions which will be implemented if Securityholder approval to the proposal is not obtained or any other conditions to the proposal are not satisfied (the **Proposal B SSD**).

Proposal A SSD

Under the Proposal A SSD, HIC Trustee and HICC2 will grant a security interest in favour of Woolworths Group over up to 80,000,000 Securities on a pro rata basis to secure the obligations of HIC Trustee in connection with the Woolworths Guaranteed Leases, including under the Indemnification Deed (together, the **Guaranteed Lease Obligations**).

The Proposal A SSD provides that, once there are less than seven Woolworths Guaranteed Leases, 11,428,571 Securities will be released from the security interests created under the Proposal A SSD upon each subsequent release of a Woolworths Guaranteed Lease, with all remaining Securities to be released on release of the final Woolworths Guaranteed Lease, as long as:

- there are no outstanding claims against Woolworths Group under a Woolworths Guaranteed Lease; and
- HICT is in compliance with the financial covenants and restrictions on distributions under the Indemnification Deed and its obligations in relation to mezzanine finance under the Indemnification Deed,

at the time of the release (**Release Conditions**).

Proposal B SSD

If Proposal A cannot be implemented by the date on which Woolworths Group is required to release its existing second-ranking security over assets of the Home Consortium group (being the date on which there are five or less Woolworths Guaranteed Leases), then HIC Trustee and HICC2 will instead grant a specific security interest in favour of Woolworths Group over up to 50,000,000 Securities on a pro rata basis to secure the Guaranteed Lease Obligations under the Proposal B SSD.

The Proposal B SSD provides for progressive release of Stapled Securities as follows:

- once there are five or less remaining Woolworths Guaranteed Leases, on each subsequent release of a lease guarantee, Woolworths Group is required to release the lesser of:
    - 10,000,000 Securities; and
    - the number of Securities calculated according to the following formula:

      (Remaining Securities x 30 day VWAP) – (Gross Lease Payments x 175%/30 day VWAP)

  from the security interests under the Proposal B SSD as long as the Release Conditions are met; and
- on 30 June of each third full year after the date on which there are five or less remaining Woolworths Guaranteed Leases, Woolworths Group is required to release the number of Securities calculated according to the following formula:

  (Remaining Securities x 30 day VWAP) – (Gross Lease Payments x 175%)/30 day VWAP

  from the security interests under the Proposal B SSD, as long as the Release Conditions are met.

For the purposes of the releases under the Proposal B SSD:

- **Remaining Securities** means the number of Securities subject to the Proposal B SSD immediately prior to the contemplated release;
- **VWAP** means the volume-weighted average price of the Securities; and
- **Gross Lease Payments** means, in respect of any guaranteed lease, the amount of annual rent and outgoings in respect of such guaranteed lease, multiplied by the remaining years on the initial lease term.

Enforcement

The security interests over the Securities under the Proposal A SSD or the Proposal B SSD will become enforceable on the occurrence of an Event of Default (without any need for notice). Events of Default include:

- non-payment of the Guaranteed Lease Obligations, subject to two business days' grace in the event of a technical or administrative error or market disruption;
- non-compliance with other obligations, subject to ten business days' grace for remediable defaults;
- cross-defaults in respect of financial indebtedness of A$5,000,000 or more;
- certain specified insolvency events; and
- any invalidity, unenforceability, loss of priority, repudiation or unlawfulness in relation to the relevant transaction documents.

On enforcement, Woolworths Group is entitled to take possession of the Securities, vote the Securities and exercise its power of sale in relation to the Securities, either directly or via the appointment of a receiver or receiver and manager. Woolworths Group or the receiver will be required to apply any money received in enforcing the security interests under the Proposal A SSD or the Proposal B SSD as follows:

- first, in payment of all enforcement costs;
- second, in payment of any other outgoings which Woolworths Group or the receiver thinks fit to pay;
- third, in payment of the receiver's reasonable remuneration;
- fourth, in payment and discharge of prior-ranking claims of which Woolworths Group or the receiver is aware;
- fifth, towards satisfaction of the Guaranteed Lease Obligations; and
- sixth, in payment and discharge of claims of which Woolworths Group or the receiver is aware which rank behind the Guaranteed Lease Obligations,

with any surplus payable, without interest, to the relevant grantor of the security interest.

9.3 Advantages of the Proposed Restructure

In the view of the Directors, the Proposed Restructure has a number of advantages to Home Consortium as follows:

(a) the Proposed Restructure involves the release of the second-ranking security over Home Consortium's assets currently in place in favour of Woolworths Group; and

(b) the Proposed Restructure involves the transfer of the leasehold liabilities outside of the Home Consortium group structure.

These two factors greatly simplify the Home Consortium group structure as the complicated security and lease mitigation arrangements (and any risk associated with them) will become irrelevant. This in turn is expected to allow Home Consortium to seek financing arrangements on a more advantageous basis.

These arrangements also put Woolworths Group in a position where it is no worse off than its current position.

9.4 Disadvantages of the Proposed Restructure

In the view of the Directors, the Proposed Restructure has no material disadvantages to Home Consortium other than the risk associated with Woolworths Group enforcing its security under the Proposal A SSD or the Proposal B SSD. In that case, Woolworths Group will be entitled to take possession the Secured Securities and may sell those at any price obtainable in the circumstances. This will potentially occur prior to the expiry of the two year voluntary escrow period summarised in the Company's prospectus and may have a material impact on the market price of Home Consortium securities.

The Directors believe that the risk of Woolworths Group enforcing its security under the Proposal A SSD or the Proposal B SSD is low given the existing balance of the lease mitigation account as well as the commercial imperatives on HIC Trustee to retain its substantial securityholding in Home Consortium.

9.5 Consequences of the Proposed Restructure not being Approved

As noted above, if the requisite Securityholder approval is not received or any other condition to Proposal A is not satisfied, Woolworths Group will retain its existing second-ranking security over Home Consortium's assets until there are five or less guaranteed properties, at which point Woolworths Group will release that security as required by current arrangements and receive a first ranking security over up to 50,000,000 Securities held by HIC Trustee and HICC2

This alternative proposal does not require Securityholder approval. The Directors believe that this alternative proposal is inferior to the proposal the subject of Resolution 7 because:

(a) the existing second-ranking security stays in place; and

(b) the transfer of the leasehold liabilities outside of the Home Consortium group structure does not occur.

9.6 Independent Expert's Recommendation

In order to assist Securityholders to assess the Proposed Restructure and consider whether to vote in favour of the Proposed Restructure, the Company appointed KPMG Financial Advisory Services (Australia) Pty Ltd (**Independent Expert**) as an independent expert and commissioned it to prepare a report (**Independent Expert's Report**) to provide an opinion as to whether or not the advantages of the Proposed Restructure to Securityholders not associated with Woolworths Group or HIC Trustee outweigh the disadvantages.

The Independent Expert's Report was prepared to satisfy the recommendations of the ASIC Regulatory Guide 74 'Acquisitions approved by members'. If the Proposed Restructure is approved, Woolworths Group may acquire a relevant interest in more than 20% in the Company.

The Independent Expert has concluded that the advantages to the Proposed Restructure and the proposed grant of the Security Interest to Woolworths Group, the subject of Resolution 7, outweigh the disadvantages to existing Securityholders not associated with Woolworths Group or HIC Trustee. In coming to this view, the Independent Expert considered the advantages and disadvantages of the Proposal A SSD and the Proposed Restructure, and other significant factors, which are set out in summary form only below.

(a) Advantages to the Proposed Restructure

The advantages identified by the Independent Expert are:

(i) **The Proposed Restructure simplifies Home Consortium's corporate structure:**

As a result of the Proposed Restructure, Home Consortium's corporate structure will be simplified such that no leasehold properties or legacy guarantees will remain. In relation to financial reporting requirements, ongoing adjustments for leasehold properties will no longer be necessary and, hence simplifying the reporting process. The simplification of the corporate structure and release of the legacy leasehold guarantees is likely to increase the attractiveness of Home Consortium Securities to new investors, in particular, institutional investors who were previously unable to invest in Home Consortium as the Lease Liability did not satisfy their internal investment criteria.

(ii) Potential to remove any perceived overhang in the Home Consortium Security price:

The Proposed Restructure is expected to remove any perceived overhang in the Home Consortium Security price associated with the Leasehold Liability, second ranking security over Home Consortium's freehold assets, complex corporate restructure and HIC Trustee's voluntary escrow arrangements which are in place until 16 October 2021. In addition, by attracting new institutional investors, the Proposed Restructure may result in greater liquidity.

(iii) **Potential to negotiate better financing terms:**

As part of the Proposed Restructure, the legacy guarantees and the second ranking security over Home Consortium's freehold assets will be released. This is expected to increase optionality for Home Consortium to have more competitive discussions with lenders, potentially allowing Home Consortium to expand its banking consortium and negotiate more favourable interest rates and covenants from senior lenders in any future debt refinancing.

(iv) **Reduced credit risk:**

The Proposed Restructure, amongst other things, removes:

- the legal exposure of Home Consortium to the Leasehold Properties as the entity holding the guaranteed leases and lease mitigation account will be transferred to HIC Trustee; and
- the opportunity for a number of risks currently borne by HIC Trustee to be transferred to Home Consortium.

(v) **Removes a potential conflict of interest:**

The transfer of the entity holding the Leasehold Properties to HIC Trustee removes the potential for conflict of interest or dispute between HIC Trustee and Home Consortium in relation to the leasehold mitigation account and/or the operation of the leasehold mitigation account since certain directors and senior management of Home Consortium are Foundation Securityholders who are responsible for the top up arrangement under the leasehold mitigation account.

(b) Disadvantages to the Proposed Restructure

The disadvantages identified by the Independent Expert are:

(i) Risk associated with Woolworths enforcing its security:

Notwithstanding the two year voluntary escrow ending on 16 October 2021, Woolworths Group will be entitled to take possession of the Secured Securities and may sell those at any price obtainable in the circumstance. This may have a material impact on the market price of Home Consortium Securities. The risk associated with Woolworths Group enforcing its security is considered to be low given the existing balance of the leasehold mitigation account, as well as the commercial imperatives of HIC Trustee to retain its substantial interest in Home Consortium.

(ii) Tax implications of the Proposed Restructure:

A deferred tax asset of approximately $29.6 million is currently held within Home Consortium Leasehold Pty Ltd. Home Consortium will lose access to the benefit of utilising this tax loss amount if the Proposed Restructure is completed. However, the implication for Home Consortium is minimal given the company has tax losses of approximately $2.2 billion as at 30 June 2020 and generated profit before tax of $11.9 million from its freehold properties in FY20.

Greenwoods & Herbert Smith Freehills have advised that there will be no adverse tax implications arising from the Proposed Restructure with respect to carried forward tax losses and satisfying the Business Continuity Test or Similar Business Test.

(c) **Other considerations**

The other key matters the Independent Expert considered are:

(i) the Proposed Restructure will incur one-off transaction and implementation costs which will be reimbursed by HIC Trustee;

(ii) there is no positive value associated with the leases that non-associated Securityholders are potentially forgoing as a result of the Proposed Restructure;

(iii) Home Consortium has been receiving a management fee of $150,000 per annum per Leasehold Property. If the Proposed Restructure is implemented, the management fee arrangement will remain and therefore, Home Consortium will experience no revenue impact;

(iv) Home Consortium currently has an inherent first right to acquire three of the Leasehold Properties (being South Nowra, West Gosford and Pakenham) from the relevant landlords. A first right of refusal regarding these three Leasehold Properties will remain if the Proposed Restructure is implemented through arrangements that HIC Trustee and Home Consortium will put in place;

(v) the Proposed Restructure involves the transfer of an entity and security restructure without the issuance of new securities. As a result, the non-associated Securityholders' interests in Home Consortium will not be subject to change or dilution; and

(vi) Woolworths has confirmed that the Proposed Restructure is solely for the simplification of its security arrangements and does not reflect any intention of corporate activity in relation to Home Consortium.

The Independent Expert's assessment of the Proposed Restructure is based on a number of assumptions. Securityholders are strongly encouraged to read the Independent Expert's Report (a full copy of which is set out in Schedule 4).

The Independent Expert has consented to the use of the Independent Expert's Report in the form and context in which it appears.

9.7 Listing Rule 10.1

Listing Rule 10.1 provides that a listed entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, certain persons identified in Listing Rule 10.1, including an associate of a related party of the entity, unless it obtains approval of the holders of its ordinary securities.

HIC Trustee is an entity associated with David Di Pilla, a Director, and therefore is an entity to which Listing Rule 10.1 applies.

Under Listing Rule 10.2, an asset is substantial if the value of the asset, or the value of the consideration paid for it is, or in ASX's opinion is, 5% or more of the Company's equity interests as set out in the latest accounts lodged with ASX.

Based on the most recent accounts lodged with ASX on 26 August 2020, Home Consortium has equity interests of approximately $729.5 million. Accordingly, an asset will be considered substantial if the value of the asset is at least approximately $36.5 million.

The value of the consideration payable to Home Consortium by HIC Trustee is $1.00, which reflects the cash at bank in the Lease Mitigation Account as at 30 June 2020 ($26.7 million) and the net present value of the leasehold liabilities as at 30 June 2020. The value of Home Consortium Leasehold Pty Ltd, and the consideration to be received by Home Consortium in connection with its sale to HIC Trustee, represents a nominal percentage of the Company's equity interests.

Home Consortium does not therefore require Securityholder approval under Listing Rule 10.1.

9.8 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The sale by Home Consortium Limited of all of the shares in Home Consortium Leasehold Pty Ltd constitutes giving a financial benefit and HIC Trustee is a related party by virtue of being a company controlled by Director, David Di Pilla.

It is the view of the Company that the "arms length" exception set out in section 210 of the Corporations Act applies in the current circumstances as there is no positive value associated with the leases and Home Consortium is disposing of the leasehold liabilities for a nominal amount where the cash at bank in the Lease Mitigation Account as at 30 June 2020 ($26.7 million) is less than the net present value of the leasehold liabilities as at 30 June 2020. The Company is therefore not seeking Securityholder approval for the purposes of section 208 of the Corporations Act.

9.9 Section 606 and item 7 of section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined by reference to section 610 of the Corporations Act. A person's voting power in a company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.

Under section 608 of the Corporations Act, a person will have a relevant interest in shares if:

(a) the person is the registered holder of the shares;

(b) the person has the power to exercise or control the exercise of votes or disposal of the shares; or

(c) the person has over 20% of the voting power in a company that has a relevant interest in the shares, then the person has a relevant interest in said shares.

There are certain situations provided in section 609 of the Corporations Act that are deemed to not give rise to a relevant interest. One of these, in section 609(1) of the Corporations Act, relates to circumstances where a person takes a security interest over securities of an entity (e.g. mortgage or charge) for the purpose of a transaction entered into by the person, where that security interest has been taken in the ordinary course of that person's business of providing financial accommodation, on ordinary commercial terms and the person whose property is the subject of the security interest is not an associate of the person. This exemption does not apply to Woolworths Group as it has not provided any financial accommodation to the Company, nor is the ordinary nature of its business the provision of financial accommodation.

Section 611 of the Corporations Act contains exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders of a company may approve an issue of shares to a person which results in that person's or another person's voting power in the company increasing from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90%.

Although Woolworths Group will not acquire any ownership interest in the Secured Securities or an ability to control how they are voted (other than in circumstances of an event of default under the Proposal A SSD and Woolworths Group taking action to enforce its Security Interest), Woolworths Group will be considered to acquire a relevant interest in the Secured Securities for the purposes of the Corporations Act by virtue of its right to control the disposal of the Secured Securities.

Resolution 7 seeks Securityholder approval, for the purpose of item 7 of section 611 of the Corporations Act, to allow HIC Trustee and Woolworths Group to enter into the Proposal A SSD and for Woolworths Group to acquire a voting power in 31.1% of the issued capital of the Company, as a result of having the power to control the disposal of the Secured Securities.

9.10 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

Pursuant to and in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74, the following information is provided:

(a) The identity of the person proposing to make the acquisition and their associates:

The acquisition will be made by Woolworths Group Limited. Woolworths Group's associates in relation to Home Consortium are its subsidiaries, details of which are set out in Woolworths Group's 2020 Annual Report (a copy of which is available at www.asx.com.au) (**Woolworths Group Associates**).

(b) The maximum extent of the increase in that person's voting power in the Company:

If Resolution 7 is passed and the Proposed Restructure is completed, Woolworths Group's voting power in the Company will increase from 0% to approximately 31.1%, assuming there is no change in the number of Securities on issue.

(c) The voting power the person would have as a result of the acquisition:

In circumstances outlined in paragraph (b) above, the acquisition would result in Woolworths Group's voting power in the Company increasing to 31.1%.

(d) The maximum extent of the increase in the voting power of each of the acquirer's associates that would result from the acquisition:

The maximum extent of the increase in the Woolworths Group Associates' voting power will be equivalent to the increase in voting power of Woolworths Group, being 31.1%.

(e) The voting power that each of the acquirer's associates would have as a result of the acquisition:

The voting power that Woolworths Group Associates would acquire will be equivalent to the voting power Woolworths Group would acquire.

(f) An explanation of the reasons for the proposed acquisition:

The rationale behind the acquisition and the Proposed Restructure is summarised in Section 9.1 above.

(g) When the proposed acquisition is to occur:

The agreement between Home Consortium, Woolworths Group and HIC Trustee is subject to a number of conditions, including Securityholder approval. The approval of Resolution 7 is expected to be the final condition precedent to be satisfied and the Proposed Restructure is expected to complete within 5 Business Days of the Meeting.

(h) The material terms of the proposed acquisition

Refer to Section 9.2 for a summary of the material terms of the Proposal A SSD.

(i) Details of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition:

There are none.

(j) A statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:

(i) any intention to change the business of the entity:

Other than as a result of the Proposed Restructure, Woolworths Group has no present intention of making any significant changes to the business of the Company or any of its subsidiaries

(ii) any intention to inject further capital into the entity:

Woolworths Group has no present intention to inject further capital into the Company or any of its subsidiaries.

(iii) the future employment of present employees of the entity:

Woolworths Group has no present intention of making any changes regarding the future employment of the present employees of the Company or any of its subsidiaries.

(iv) any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates:

Woolworths Group has no present intention to transfer any property between the Company and Woolworths Group, its associated entities or associates.

(v) any intention to otherwise redeploy the fixed assets of the entity:

Woolworths Group has no present intention to redeploy any fixed assets of the Company or any of its subsidiaries.

(k) Any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity:

Woolworths Group has no present intention to change the Company's existing policies in relation to the financial or dividend distribution policies of the Company.

(l) The interests that any director has in the acquisition or any relevant agreement disclosed under paragraph (i) above:

David Di Pilla, Greg Hayes and Zac Fried are directors of HIC Trustee and/or HICC2 and so have an interest in the Proposed Restructure as a result. Other than these interests and the interest Directors have in the acquisition by reason of their ownership of Securities, no Director has an interest in the Proposed Restructure.

(m) Details about any person who is intended to become a director if members approve the acquisition:

It is not proposed that any person will become entitled to be appointed as a Director if the acquisition is approved by Securityholders.

9.11 Directors' Recommendation

All of the Independent Non-Executive Directors support the Proposed Restructure and unanimously recommend that Securityholders vote in favour of Resolution 7. Each Director who makes a recommendation intends to vote any Securities he or she owns or controls in favour of Resolution 7.

The Chair intends to exercise all available proxies in favour of Resolution 7.

10. Resolution 8 – Approval of Capital Reduction

10.1 Overview

Resolution 8 is being put to Securityholders at the Meeting to obtain approval under section 256C of the Corporations Act to an equal capital reduction in the Company's share capital, under section 256B of the Corporations Act, by an aggregate amount equal to the Capital Reduction Amount. The Capital Reduction will be effected and satisfied by the pro rata in-specie distribution to each eligible Securityholder as at the Capital Distribution Record Date of one ordinary unit in HomeCo Daily Needs REIT for every two Securities held by that eligible Securityholder as at the Capital Distribution Record Date (with any factional entitlements being rounded down to the nearest whole number).

Resolution 8 is being proposed in connection with the Proposal, and the Proposal will not be implemented if Resolution 8 is not passed.

The effect on the company and Securityholders if Resolution 8 is passed and the Proposal is implemented, together with all other factors that are material to the making of a decision by Securityholders whether to approve Resolution 8, are set out in the Addendum Explanatory Memorandum that accompanies the Notice. Securityholders should read and carefully consider the information contained in the Addendum Explanatory Memorandum prior to making a decision as to how to vote in relation to Resolution 8.

If Resolution 8 is passed by the required majority of Securityholders at the Meeting, it will take effect on the Implementation Date, provided all other conditions precedent are satisfied or waived.

10.2 Directors' Recommendation

The Directors consider that, taking into account all relevant matters, Resolution 8 is fair and reasonable to Securityholders as a whole and will not prejudice the Company's ability to pay its creditors, and accordingly unanimously recommend that Securityholders vote in favour of Resolution 8. Each Director intends to vote any Securities he or she owns or controls in favour of Resolution 8.

The Chair intends to exercise all available proxies in favour of Resolution 8.

Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

$**, **A$ or **dollar**	means Australian dollars, the lawful currency of the Commonwealth of Australia.
Addendum Explanatory Memorandum	means the explanatory memorandum relating to Resolution 8, which forms part of the Notice.
Annual Report	means the Directors' Report, the Financial Report and Auditor's Report, in respect of the year ended 30 June 2020.
ASX	means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the case may be.
Auditor	means the Company's auditor from time to time (being PricewaterhouseCoopers as at the date of the Notice).
Auditor's Report	means the Auditor's report on the Financial Report.
Board	means the board of Directors of the Company.
Capital Distribution Record Date	means 7.00pm (Sydney time), Tuesday, 24 November 2020.
Capital Reduction	means an equal reduction of the share capital of Home Consortium by the Capital Reduction Amount, to be effected and satisfied by the Distribution.
Capital Reduction Amount	means A$189,600,000.
Chair	means the person appointed to chair the Meeting convened by the Notice.
Closely Related Party	means, as defined in the Corporations Act, a closely related party of a member of the Key Management Personnel being: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependant of the member or of the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; (e) a company the member controls; or (f) a person described by the *Corporations Regulations 2001* (Cth).
Company or **Home Consortium**	means Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700).

Constitution	means the constitution of the Home Consortium.
Corporations Act	means the *Corporations Act 2001* (Cth).
Director	means a director of the Company.
Directors' Report	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Distribution	means the distribution in-specie to holders of Securities as at the Capital Distribution Record Date of Units as described in this Explanatory Memorandum.
EEP	Employee Equity Plan
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum which forms part of the Notice, which includes the Addendum Explanatory Memorandum.
Financial Report	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
FY21 Award Right	means a Performance Right for the 2021 financial year.
Implementation Date	means the date on which the Distribution will occur, expected to be 26 November 2020.
Implementation Deed	means the implementation deed between Home Consortium and HMC Funds Management Limited as responsible entity of the HomeCo Daily Needs REIT, as described in Section 13 of the PDS.
Independent Expert	means KPMG Financial Advisory Services (Australia) Pty Ltd.
Independent Expert's Report	means the report prepared by the Independent Expert which is annexed to this Notice as Schedule 2.
Key Management Personnel or **KMP**	means those persons described as Key Management Personnel in the Remuneration Report and includes all Directors (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Meeting	means the Annual General Meetings of shareholders of Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700) to be held in conjunction with each other on 18 November 2020 at 10.30am (Sydney time).
NEDEP	Non-Executive Director Equity Plan.
Non-Executive Directors	means Kelly O'Dwyer (subject to Resolution 2 being passed), Greg Hayes, Zac Fried, Jane McAloon, Christopher Saxon and Brendon Gale.

Notice	means the notice of meeting for the Annual General Meeting which accompanies this Explanatory Memorandum.
Offer	means the offer under the PDS to raise up to $350 million, as set out in the PDS.
PDS	means the product disclosure statement prepared and issued under Part 7.9 of the Corporations Act for the Capital Distribution and the Offer, dated 16 October 2020 and which is issued by Home Consortium (in relation to the Capital Distribution) and the responsible entity of the HomeCo Daily Needs REIT (in relation to the Offer).
Performance Rights	means a right to be issued a Security upon the satisfaction of prescribed vesting conditions and includes a Fee Sacrifice Right and FY21 Award Right.
Proposal	means the proposal to establish, and separate from Home Consortium, HomeCo Daily Needs REIT as an independent listed entity, by way of the implementation of the Capital Reduction, the Offer and the various other key steps described in this Explanatory Memorandum and the PDS.
Proposal A SSD	has the meaning given in section 9.2 of this Explanatory Memorandum.
Proposed Restructure	has the meaning given in section 9.2 of this Explanatory Memorandum.
Prospectus	means the Company's prospectus dated 23 September 2019.
Proxy Form	means the proxy form attached to the Notice.
Remuneration Report	means the remuneration report of the Company contained in the Directors' Report.
Resolution	means a resolution proposed pursuant to the Notice.
Restricted Securities	means a Security allocated under the NEDEP that is subject to disposal restrictions.
Right	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.
Schedule	means a schedule to this Explanatory Memorandum.
Section	means a section of this Explanatory Memorandum.
Secured Securities	means the 80 million Securities held by HIC Trustee and HICC2 over which a security interest is to be granted under the Proposal A SSD.
Security	means a fully paid ordinary stapled share in the Company.

Securityholder	means a holder of Securities.
Unit	means a fully paid ordinary unit in HomeCo Daily Needs REIT.
Voting power	has the meaning given in Chapter 6 of the Corporations Act.
Woolworths Group	means Woolworths Group Limited (ACN 000 014 675).

Schedule 2 – Terms of Employee Equity Plan

Term	Description
Eligibility	Offers may be made at the Board's discretion to Directors, employees of Home Consortium or any other person the Board determines to be eligible to receive a grant under the EEP.
Awards under the EEP	Home Consortium 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, Home Consortium 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:

Term	Description
	• 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.
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, Home Consortium will have 30 days from the date of the change of control in which to settle the Award; or • for each vested Restricted Security, Home Consortium 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. Subject to the Listing Rules, the EEP provides the board with flexibility to adjust Awards (by either granting additional Awards or lapsing Awards) or to adjust the exercise price. 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 Home Consortium prior to the vesting (and exercise if applicable)

Term	Description
	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 Home Consortium's Security Trading Policy.
Other terms	The EEP contains customary and usual terms for dealing with administration, variation, suspension and termination of the plan.

Schedule 3 – Terms of Non-Executive Director Equity Plan

The rules of the NEDEP are broadly consistent with those of the EEP as set out in Schedule 2, save for the following key differences:

Term	Description
Eligibility	Non-Executive Directors of Home Consortium.
Awards under the NEDEP	Home Consortium 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.

Schedule 4 – Independent Expert's Report

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The Independent Directors
Home Consortium Limited and Home Consortium Developments Limited
19 Bay Street
Double Bay NSW 2028

1 October 2020

Dear Independent Directors

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

PART ONE –INDEPENDENT EXPERT'S REPORT

1 Introduction

The proposed transfer and security restructure

On 11 August 2020, Home Consortium Limited (**HCL**) and Home Consortium Developments Limited (**HCDL**) (together, **Home Consortium**) announced that they had entered into an agreement with Woolworths Group Limited (**Woolworths**) and Home Investment Consortium Company Pty Limited (**HICC**) as trustee of the Home Investment Consortium Trust (**HICT**) (collectively, **HIC Trustee**) to transfer certain leasehold properties and restructure the existing security that Woolworths holds for its guarantee of the leasehold properties. The initial security arrangements were entered into with Woolworths in 2017 as part of the acquisition of the former Masters Home Improvement (**Masters**) property portfolio and include a second ranking security over Home Consortium's assets in the form of general security deeds (**Woolworths Security**).

The proposed transfer and security restructure will result in:

- Home Consortium selling all of the shares in Home Consortium Leasehold Pty Ltd (**LeaseCo**), which holds the eight remaining leasehold properties (the **Leasehold Properties**), and its subsidiaries to HIC Trustee for nominal consideration
- the lease mitigation arrangements put in place at the time of Home Consortium's admission to the Australian Securities Exchange (**ASX**) being terminated, including the Leasehold Mitigation Account (**LMA**)

- Woolworths' existing second ranking security over Home Consortium's freehold properties being replaced with a first ranking security interest over up to 80 million Home Consortium securities held by HIC Trustee in return for Woolworths continuing to guarantee the leasehold properties (**Secured Securities**) (**Proposal A SSD**)

(together, the **Proposed Restructure**).

Further details in relation to the Proposed Restructure are set out in Section 4 of this report and Section 9 of the explanatory memorandum attached to the Notice of Annual General Meeting of Home Consortium (**Explanatory Memorandum**) to which this report is attached.

The Proposed Restructure is not a control transaction, rather it involves a transfer of an interest from HIC Trustee to Woolworths. Woolworths does not currently have an interest in the outstanding stapled securities of Home Consortium (**Securities**) but will have a deemed relevant interest of 31.1% as a result of the Proposed Restructure. Therefore, the Proposed Restructure requires the approval of Securityholders of Home Consortium who are not associated with Woolworths and HIC Trustee (**Non-associated Securityholders**) in accordance with item 7 of Section 611 of the Corporations Act 2001 (Cth) (the **Corporations Act**).

The Independent Directors of Home Consortium have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) to prepare an independent expert's report for Non-associated Securityholders in relation to the Proposed Restructure in accordance with Item 7 of Section 611 of the Corporations Act, and the guidance provided by the Australian Securities & Investments Commission (**ASIC**). The purpose of the independent expert's report is to set out whether, in our opinion, the advantages of the Proposed Restructure outweigh the disadvantages (rather than an opinion as to whether the Proposed Transaction is fair and reasonable as is the case for control transactions).

Further information regarding KPMG Corporate Finance as it relates to the preparation of this independent expert's report is set out in Appendix 1.

Settlement of neighbourhood centres

In addition to the Proposed Restructure, Home Consortium announced on 11 August 2020 the settlement of the acquisition of the following anchored convenience-based neighbourhood centres from Woolworths for $127.8 million:

- Prestons Place located at 1985 Camden Valley Way, Prestons, New South Wales,
- Vincentia Marketplace located at 8 Moona Creek Road, Vincentia, New South Wales, and
- Rosenthal Shopping Centre located at 90 Vineyard Road, Sunbury, Victoria (together the **Woolworths Properties**).

The settlements of the Woolworths Properties are not related to the Proposed Restructure.

HIC Trustee

HIC Trustee is Home Consortium's foundation securityholder with a 36.3% interest. The original owners of Home Consortium, which are Spotlight Group Holdings, Chemist Warehouse Group, Primewest Group Limited and Aurrum (collectively, **the Foundation Securityholders**) hold an interest in Home Consortium via HIC Trustee. HIC Trustee currently provides an indemnity to Home Consortium for all economic exposure to the Leasehold Properties.

Home Consortium

Home Consortium is an internally managed property group, focused on ownership, development and management of retail and service centres, anchored by national tenants spanning daily needs, leisure & lifestyle, homewares & electrical and services. It comprises stapled securities in HCL and HCDL and their controlled entities. It is listed on the ASX and immediately prior to the announcement of the Proposed Restructure, had a market capitalisation of $745.8 million.[1]

Woolworths

Woolworths is one of Australia and New Zealand's leading food and liquor retailers, employing nearly 200,000 staff and operating a network of over 3,000 stores, including Woolworths Supermarkets and Metro Food Stores in Australia, Countdown Supermarkets in New Zealand, and BIG W, BWS and Dan Murphy's stores and ALH hotels across Australia. Woolworths is listed on the ASX and at 10 August 2020, had a market capitalisation of $50.5 billion.[2]

The Leasehold Properties

The eight Leasehold Properties that are subject to transfer from Home Consortium to HIC Trustee under the Proposed Restructure are as follows:

- Warehouse 1, Chullora Business Park, 62 Hume Highway, Chullora, New South Wales (**Chullora**),
- 190-198 Princes Highway, South Nowra, New South Wales (**South Nowra**),
- 392-398 Manns Road, West Gosford, New South Wales (**West Gosford**),
- Corner Springhill Drive and Thompson Road, Cranbourne North, Victoria (**Cranbourne North**),
- Corner Chifley Drive and Gower Street, Preston, Victoria (**Northland**),
- 825 Princes Highway, Pakenham, Victoria (**Pakenham**),
- 105 Vineyard Road, Sunbury, Victoria (**Sunbury**), and
- 25-51 Learmonth Road, Wendouree, Victoria (**Ballarat**).

In FY20, Home Consortium entered into agreements to acquire the leasehold property at Parafield[3] and Ballarat. The acquisition of the Parafield leasehold property is expected to be settled by November 2020, whilst the acquisition of Ballarat is expected to settle in 2022.

2 Requirements for our report

Deemed acquisition of interest in Home Consortium by Woolworths: Item 7 of Section 611 of the Corporations Act

The Proposed Restructure would result in Woolworths acquiring a relevant interest in 31.1% of the issued Securities of Home Consortium.

The Corporations Act requires that shareholders of a company voting on a resolution pursuant to Item 7 of Section 611 of the Corporations Act be provided with all material information to assess the Proposed Restructure. To meet this requirement, the directors of the company may commission an independent

[1] Calculated as closing price on 10 August 2020 of $2.98 multiplied by 250,282,102 Home Consortium securities on issue.

[2] Calculated as closing price on 10 August 2020 of $40.04 multiplied by 1,260,491,936 Woolworths shares on issue.

[3] Main North Road, Parafield Airport, South Australia (**Parafield**)

expert to prepare a report assessing the Proposed Restructure to accompany the Notice of Meeting and Explanatory Memorandum send to Non-associated Securityholders.

This report has been prepared at the request of the Independent Directors of Home Consortium to provide an opinion in line with ASIC requirements for a Section 611 (7) report and set out the reasons for our opinion on whether the advantages of the Proposed Restructure outweigh the disadvantages from the perspective of the Non-associated Securityholders.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

3 Opinion

In our opinion **the advantages to Non-associated Securityholders of the Proposed Restructure outweigh the disadvantages.**

In preparing our report, we have had regard to the ASIC's Regulatory Guide 111 Content of expert reports (**RG 111**) and Regulatory Guide 74 Acquisitions approved by members (**RG 74**). In accordance with RG 111, we have considered the Proposed Restructure as a whole, rather than just the proposed grant of the Secured Securities to Woolworths.

Home Consortium was established in October 2017 when the Foundation Securityholders acquired the former Masters real estate portfolio from Woolworths. It was in Woolworths' interest to sell both its freehold and leasehold properties. Since the acquisition, Home Consortium has been reducing its exposure to the leasehold properties through various strategies and the Proposed Restructure is considered to be the most effective way to remove the remaining Leasehold Properties from Home Consortium's books and simplify its corporate structure.

The Proposed Restructure is not a control transaction, and as such, RG 111 requires the independent expert to provide an opinion as to whether the advantages of the Proposed Restructure outweigh the disadvantages (rather than an opinion as to whether the Proposed Transaction is fair and reasonable as is the case for control transactions).

In accordance with RG 111.41, KPMG Corporate Finance has considered whether, by approving the Proposed Restructure, Non-associated Securityholders may be forgoing the opportunity of receiving a takeover bid and sharing in any premium for control.

HIC Trustee is not receiving a premium for control

In accordance with RG 111.43, KPMG Corporate Finance has considered whether HIC Trustee is to receive a premium for control in relation to the granting of a first ranking security over up to 80 million Home Consortium securities to Woolworths. If the Proposed Restructure is approved, HIC Trustee will:

- no longer need to indemnify Home Consortium and Woolworths for all losses or liabilities arising from the Leasehold Properties and will instead directly own those liabilities
- provide Woolworths with a first ranking security over up to 80 million Home Consortium Securities
- HIC Trustee will receive $30 million of tax losses, however, it is not expected to be able to utilise these as LeaseCo is likely to continue to be loss making.

As HIC Trustee's obligations will be similar before and after the Proposed Restructure (and it is unlikely to benefit from the tax losses), there is no economic impact of the Proposed Restructure on HIC Trustee and no premium for control being paid.

Future transactions are on arm's length terms

In accordance with RG 111.45, KPMG Corporate Finance has inquired as to whether further transactions are planned between Home Consortium, HIC Trustee (the vendor) and any of their associates. At the time the Proposed Restructure was announced, Home Consortium also announced the acquisition of the Woolworths Properties. Home Consortium management (**Management**) has advised that the acquisition of the Woolworths Properties from Woolworths was conducted on arm's length terms.

Management has advised that the leasehold property at Ballarat is currently being repurposed and contracted for sale with the settlement expected to be completed by April 2022. Home Consortium has agreed to purchase the property at a 7.5% discount to the market value assessed by an independent valuer on the Australia and New Zealand Banking Group's valuer panel who will value the property on a first mortgage security basis. The terms of the contract have been negotiated between Home Consortium and HIC Trustee on an arm's length basis and documented in a commercial agreement.

Home Consortium currently receives a fee of $150,000[4] per annum per centre for the management of each Leasehold Property under an agreed framework in the LMA (**Leasehold Centre Management Fee**). This commercial agreement between Home Consortium and LeaseCo will be reinstated after the Proposed Restructure is completed. The Leasehold Centre Management Fee payable from the LMA monthly in arrears remains unchanged since the initial public offering (**IPO**).

Consequently, KPMG Corporate Finance considers that the terms of the contemplated transactions have been agreed on an arm's length basis.

The Proposed Restructure does not reduce the likelihood of a takeover bid

In accordance with RG 111.46, KPMG Corporate Finance has considered whether the granting of the Secured Securities, if the Proposed Restructure is approved, might reduce the likelihood of a takeover bid being made for Home Consortium in the future.

If the Proposed Restructure is approved, Woolworths will not be able to vote on any resolution but rather, HIC Trustee will continue to vote with respect to the Secured Securities. HIC Trustee's 36.3% interest in Home Consortium represents a blocking stake in the event of a takeover offer. HIC Trustee will continue to hold a blocking stake following the Proposed Restructure. As such, the Proposed Restructure does not create any additional deterrence over and above that which already exists.

Further, the granting of the security over the Secured Securities does not prevent a takeover bid from being made as there are mechanisms in the Proposal A SSD that relate to the circumstances where the Secured Securities are sold.

Consequently, KPMG Corporate Finance considers that Non-associated Securityholders are not forgoing the opportunity of receiving a takeover offer in the future.

Conclusion

KPMG Corporate Finance considers that **Non-associated Securityholders are not forgoing the opportunity of receiving a takeover offer and sharing in any premium for control**. In addition to these considerations, we have assessed a range of other advantages and disadvantages for Non-associated Securityholders arising from the Proposed Restructure, as set out below.

[4] In calculating the Leasehold Centre Management Fee, a management expense ratio of 50 basis points is assumed, implying the average asset value of $30 million.

3.1 Advantages of the Proposed Restructure

3.1.1 Simplifies Home Consortium's corporate structure

The purpose of the Proposed Restructure is to transfer the entity holding the Leasehold Properties and LMA from Home Consortium to HIC Trustee, which currently provides an indemnity to Home Consortium for the Leasehold Properties. As a result of the Proposed Restructure, Home Consortium's corporate structure will be simplified such that no leasehold properties or legacy guarantees will remain. In relation to financial reporting requirements, ongoing adjustments for leasehold properties will no longer be necessary and, hence simplifying the reporting process.

As a result of the Proposed Restructure, Management expects that it will require less time for the management and monitoring of the LMA. However, no material reduction in external costs is anticipated as those resources will be deployed for the benefit of other parts of the business.

The simplification of the corporate structure and release of the legacy leasehold guarantees is likely to increase the attractiveness of Home Consortium Securities to new investors, in particular, institutional investors who were previously unable to invest in Home Consortium as the Lease Liability did not satisfy their internal investment criteria.

3.1.2 Potential to remove any perceived overhang in the Home Consortium Security price

The Proposed Restructure is expected to remove any perceived overhang in the Home Consortium Security price associated with the Leasehold Liability, second ranking security over Home Consortium's freehold assets, complex corporate structure and HIC Trustee's voluntary escrow arrangements which are in place until 16 October 2021. In addition, by attracting new institutional investors, the Proposed Restructure may result in greater liquidity.

Home Consortium Securities traded at a premium to the NTA of $3.14 per Security since it was listed in October 2019 to 31 December 2019. From January 2020 to March 2020, Home Consortium Securities continued to trade above NTA of $3.14 per Security on the back of announcing its childcare initiative, completing three development sites, and the anticipated uplift in the value of its property portfolio. During the period from March 2020 to August 2020, Home Consortium Securities traded largely below its NTA primarily due to the decline of the overall sharemarket, reflecting the impact of COVID-19.

On 11 August 2020, Home Consortium announced the Proposed Restructure and the Security price increased by 2.3% to close at $3.05, representing a 1.0% discount to pro forma NTA to $3.08. On 26 August 2020, Home Consortium announced the FY20 financial performance, including a fully franked FY20 final dividend of 7.5 cents per share (**cps**). The Security price increased by 0.3% to close at $3.08, at the pro forma NTA. From the period 11 August 2020 to 15 September 2020, Home Consortium Security price traded in the range of $2.97 to $3.34.

The Security price of Home Consortium outperformed the S&P/ASX All Ordinaries Index and the S&P/ASX A-REIT Index after the Proposed Restructure was announced on 11 August 2020 (increasing by 9.7% in the following 30 days compared with -2.9% and 1.4% for the indices, respectively). The outperformance may be attributable to the removal of the Lease Liabilities and simplification of the corporate structure, however, given that Home Consortium has been relatively active since IPO (e.g. several acquisitions, progress towards development of a health & wellness portfolio and completion of a capital raising that was supported by both retail and institutional investors), it is not possible to quantify the degree of outperformance that is attributable solely to the Proposed Restructure.

3.1.3 Potential to negotiate better financing terms

The current security structure of Home Consortium may be seen as complicated and difficult to satisfy the lending requirements of certain banks. As part of the Proposed Restructure, the legacy guarantees and the second ranking security over Home Consortium's freehold assets will be released. This is expected to increase optionality for Home Consortium to have more competitive discussions with lenders, potentially allowing Home Consortium to expand its banking consortium and negotiate more favourable interest rates and covenants from senior lenders in any future debt refinancing.

3.1.4 Reduced credit risk

The Proposed Restructure is not expected to result in any change in economic exposure from the perspective of Home Consortium as HIC Trustee already provides an indemnity in relation to all liability or losses arising, or any costs incurred by Home Consortium in relation to the Leasehold Properties. The Proposed Restructure does, however, remove the legal exposure of Home Consortium to the Leasehold Properties as the entity holding the guaranteed leases and lease mitigation account will be transferred to HIC Trustee.

Furthermore, the requirement to provide cash into the LMA is merely a mechanism for HIC Trustee to provide ongoing support for the Leasehold Properties, with Home Consortium remaining as the primary obligor. The voluntary escrow arrangement entered into by HIC Trustee provided quasi security for a two-year period from the perspective of Home Consortium. However, the voluntary escrow ends on 16 October 2021, and the risk of HIC Trustee becoming insolvent is present and Home Consortium has no security over HIC Trustee's shares or assets under the current security structure.

Finally, the Proposed Restructure removes the opportunity for risks currently borne by HIC Trustee to be transferred to Home Consortium. These risks include:

- the potential to be adversely impacted by the fluctuation of the net present value (**NPV**) of the Lease Liability due to the sub-leasing of the relevant leases being delayed or generating less than anticipated, expenses incurred being higher than forecasted, discount rate being higher than expected
- the enforcement of security held by Home Consortium'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)
- in the event of default, insufficient dividends (after tax) may be received to fund its additional payments to the LMA or may breach its obligations to make cash payments in that regard
- following the expiry of the voluntary escrow period, HIC Trustee may sell all or some of the Securities it owns, and may not have sufficient income and/or assets to meet its commitments
- Home Consortium may not be able to enforce any contractual right (including an indemnity) against HIC Trustee or HICC 2 Pty Ltd, which is unsecured, under the current arrangement.

3.1.5 Removes a potential conflict of interest

The transfer of the entity holding the Leasehold Properties to HIC Trustee removes the potential for conflict of interest or dispute between HIC Trustee and Home Consortium in relation to the LMA and/or the operation of the LMA since certain directors and senior management of Home Consortium are Foundation Securityholders who are responsible for the top up arrangement of the LMA.

3.2 Disadvantages of the Proposed Restructure

3.2.1 Risk associated with Woolworths enforcing its security

Notwithstanding the two year voluntary escrow period which expires on 16 October 2021, Woolworths will be entitled to take possession of the Secured Securities and may sell those at any price obtainable in the circumstance under a scenario where HIC Trustee does not satisfy its lease payment obligations. This may have a material impact on the market price of Home Consortium Securities.

The risk associated with Woolworths enforcing its security is considered to be low given the existing balance of the LMA, as well as the commercial imperatives of HIC Trustee to retain its substantial interest in Home Consortium.

3.2.2 Tax implications of the Proposed Restructure

A deferred tax asset of approximately $29.6 million is currently held within LeaseCo. Home Consortium will lose access to the benefit of utilising this tax loss amount if the Proposed Restructure is completed. However, the implication for Home Consortium is minimal given the company has tax losses of approximately $2.2 billion as at 30 June 2020 and generated profit before tax of $11.9 million from its freehold properties in FY20.

Greenwoods & Herbert Smith Freehills have advised that there will be no adverse tax implications arising from the Proposed Restructure with respect to carried forward tax losses and satisfying the Business Continuity Test or Similar Business Test.

3.3 Implications for Home Consortium if the Proposed Restructure is not implemented

If the Transaction is not implemented:

- the benefits discussed above may not be realised by Home Consortium and credit risks associated with HIC Trustee will remain
- Home Consortium will continue to be exposed to any going lease shortfall if the LMA is consumed. It may become challenging for Home Consortium to meet the obligations under the relevant leases, attract new tenants in the current macroeconomic environment, and realise the market returns reflected in the current lease arrangements
- Home Consortium will continue its lease mitigation strategy to surrender, repurpose and acquire the remaining Leasehold Properties until its portfolio of leasehold investments is completely de-risked, however, it may be difficult to surrender leases where properties are not underpinned by a major tenant
- Home Consortium Security price may fall to the extent the market reacted positively to the announcement of the Proposed Restructure
- Woolworths will retain its existing second-ranking Security over Home Consortium's assets until there are five or less leasehold properties, at which point Woolworths will release that security as required by current arrangements and receive a first ranking security over up to 50,000,000 Securities held by HIC Trustee, which will reduce progressively until there are no remaining guaranteed leases (**Proposal B SSD**).

3.4 Other considerations

KPMG Corporate Finance has considered the following factors in addition to the advantages and disadvantages of the Proposed Restructure discussed above:

- the Proposed Restructure will incur one-off transaction and implementation costs which will be reimbursed by HIC Trustee
- there is no positive value associated with the leases that Non-associated Securityholders are potentially forgoing as a result of the Proposed Restructure. The leases are reflected on the balance sheet as a net liability of $31.9 million. Home Consortium is not able to benefit from the LMA, other than with respect to offsetting costs associated with the leases. Although Home Consortium is able to retain the cash balance of the LMA, this is unlikely to be material given that once the lease liability declines below $5 million, the top up of the LMA is limited to 100% of the liability
- Home Consortium has been receiving a management fee of $150,000 per annum per Leasehold Property. If the Proposed Restructure is implemented, the management fee arrangement will remain and therefore Home Consortium will experience no revenue impact
- Home Consortium currently has an inherent first right to acquire three of the Leasehold Properties (being South Nowra, West Gosford, and Pakenham) from the relevant landlords. A first right of refusal regarding these three Leasehold Properties will remain if the Proposed Restructure is implemented through arrangements that HIC Trustee and Home Consortium will put in place
- the Proposed Restructure involves the transfer of an entity and security restructure without the issuance of new securities. As a result, the Non-associated Securityholders' interests in Home Consortium will not be subject to change or dilution
- Woolworths has confirmed that the Proposed Restructure is solely for the simplification of its security arrangements and does not reflect any intention of corporate activity in relation to Home Consortium.

Based on the above factors, in our opinion, the identified advantages to Non-associated Securityholders of the deemed acquisition of the Home Consortium securities by Woolworths outweigh the disadvantages.

3.5 Other matters

In forming our opinion, we have considered the interests of Non-associated Securityholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Non-associated Securityholders. It is not practical or possible to assess the implications of the Proposed Restructure on individual Non-associated Securityholders as their financial circumstances are not known.

The decision of Non-associated Securityholders as to whether or not to approve the Proposed Restructure is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual Non-associated Securityholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual Non-associated Securityholders seek their own independent professional advice.

Our report has been prepared solely for the purpose of assisting Non-associated Securityholders in considering the Proposed Restructure. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose. Our opinion should not be construed to represent a recommendation as to whether or not Non-associated Securityholders should elect to vote in favour of the Proposed Restructure.

Neither the whole nor any part of our report or its attachments or any reference thereto may be included in or attached to any document, other than the Notice of Annual General Meeting and Explanatory Memorandum to be sent to Non-associated Securityholders in relation to the Proposed Restructure, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of our report in the form and context in which it appears in the Notice of Annual General Meeting and Explanatory Memorandum.

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2. We refer readers to the limitations and reliance on information section as set out in Section 5.3 of our report. In this respect, Non-associated Securityholders should recognise that our opinion is based on prevailing market, economic and other conditions at the date of this report and corresponds with a period of significant volatility in global financial markets and widespread macro-economic uncertainty associated with COVID-19. To the extent possible, we have reflected these conditions in our opinion. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Sean Collins
Authorised Representative

Bill Allen
Authorised Representative

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4 Summary of the Proposed Restructure

On 11 August 2020, Home Consortium announced that it had reached an agreement with HIC Trustee and Woolworths to restructure the Woolworths Security, with a view to accelerating and removing the remaining liabilities associated with the Leasehold Properties. Under the Proposed Restructure, it is proposed that:

- Home Consortium will sell all of the shares in LeaseCo, which holds the Leasehold Properties, and its subsidiaries to HIC Trustee for nominal consideration
- the lease mitigation arrangements put in place at the time of Home Consortium's admission to the ASX will be terminated, including the LMA
- Woolworths' existing second ranking security over Home Consortium's freehold properties will be replaced with a first ranking security interest over the Secured Securities, which will reduce progressively until there are no remaining guaranteed leases.

As a result of Proposal A SSD, Woolworths will acquire a relevant interest of 31.3% in Home Consortium via its security over HIC Trustee's shareholding.

If the requisite approval is not received or any other condition to Proposal A SSD is not satisfied:

- Woolworths will retain its existing second ranking security over Home Consortium's freehold properties until there are five or less guaranteed leases, at which point the existing security will be replaced with a first ranking security over up to 50,000,000 securities held by HIC Trustee, which will reduce progressively until there are no remaining guaranteed leases (**Proposal B SSD**)
- the transfer of the liabilities in the form of rent and outgoings, capital expenditure, possible termination payments and rental incentives (**Leasehold Liabilities**) outside of the Home Consortium group structure will not occur
- the alternative proposal does not require Securityholder approval.

Upon approval of the Proposed Restructure, HIC Trustee will acquire a net leasehold liability of $31.9 million[5] as at 30 June 2020 for a nominal sum of $1 (**Consideration**) and the lease mitigation arrangements put in place at the time of Home Consortium's IPO will be terminated.

As a result of the Proposed Restructure, Home Consortium's corporate structure will be simplified such that no leasehold properties or legacy guarantees will remain. The entity holding the Leasehold Properties and the LMA will be transferred to HIC Trustee, resulting in no change in economic exposure of Home Consortium or its Securityholders as HIC Trustee already provides an indemnity to Home Consortium.

The current corporate structure of Home Consortium is set out in the figure below.

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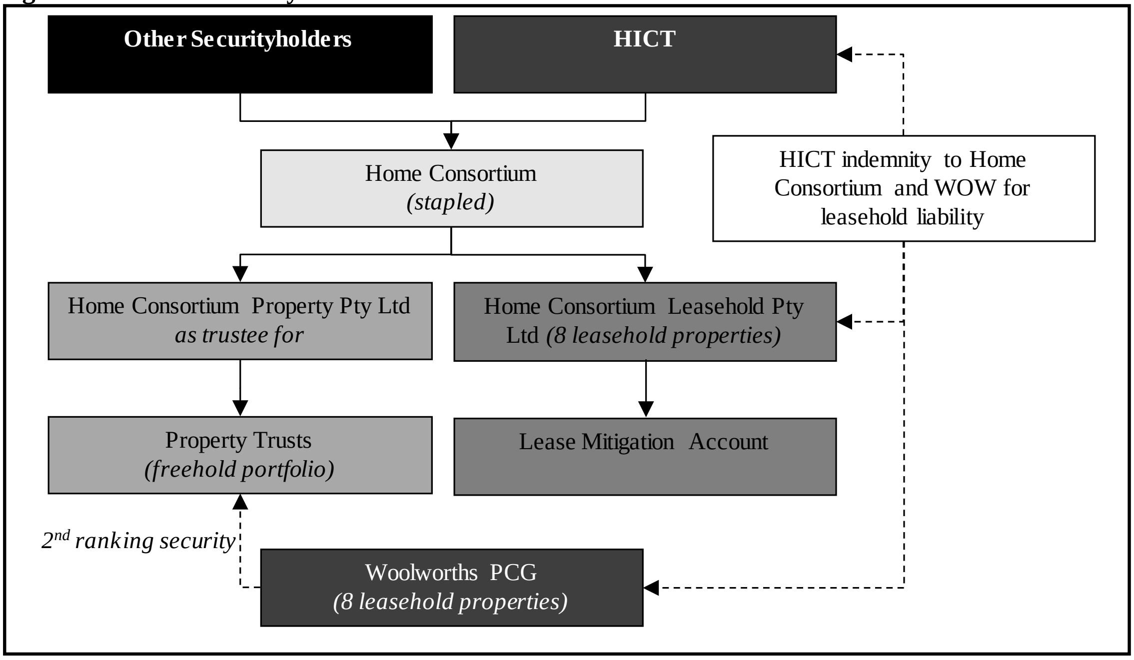
[5] Calculated as $58.3 million leasehold net present value plus $13.0 million working capital adjustment less $26.7 million LMA cash balance and $12.7 million net leasehold liability associated with Parafield.

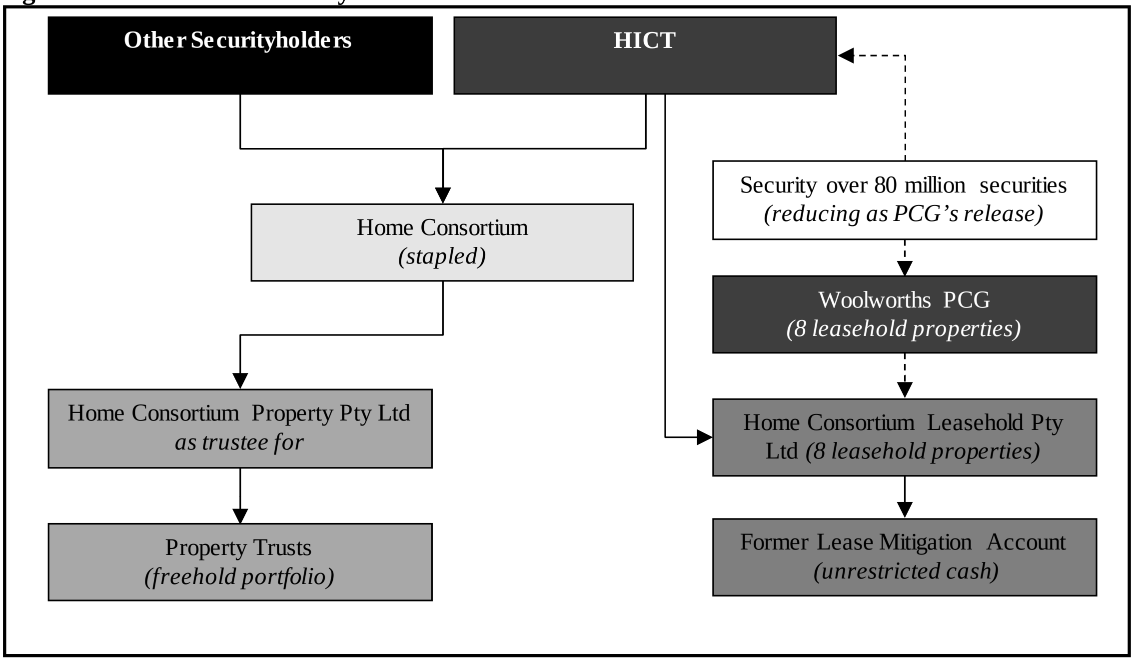
Figure 1: Current security structure



Source: Home Consortium Management

The corporate structure after the Proposed Restructure is set out in the figure below.

Figure 2: HIC Trustee security restructure



Source: Home Consortium Management

Further details of the Leasehold Properties are set out in Section 7 of this report and in Section 9 of the Explanatory Memorandum to which this report is attached.

The Independent Directors[6] have recommended Securityholders vote in favour of the resolutions to approve the Proposed Restructure.

4.1 Conditions precedent

The Proposed Restructure will not proceed unless each of the conditions precedent set out below is satisfied or waived:

- the consent of Home Consortium's senior lender,
- the consent of Goodman Group as landlord at Chullora, and
- approval of Non-associated Securityholders at the Annual General Meeting to be held on 18 November 2020.[7]

5 Scope of Report

5.1 Purpose

Item 7 of Section 611 of the Corporations Act

The Proposed Restructure requires the approval of Non-associated Securityholders in accordance with item 7 of Section 611 of the Corporations Act.

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in a public company where that person's voting power increases from 20% or below to more than 20%. In Section 611, a number of exemptions from this general rule are set out. Specifically, Item 7 of Section 611 of the Corporations Act allows Non-associated Securityholders to waive the Section 606 prohibition by passing a resolution in a general meeting with no votes to be cast in respect of Securities held by Woolworths and HIC Trustee.

As set out in Section 2, although the Proposed Restructure will not result in Woolworths acquiring any ownership interest in the Secured Securities or an ability to control how they are voted, Woolworths will be considered to acquire a relevant interest for the purposes of the Corporations Act by virtue of its right to control the disposal of the Secured Securities and therefore be deemed to have increased its voting power in Home Consortium from 0% to 31.1%. As such, Home Consortium is seeking the approval of Non-associated Securityholders for the deemed acquisition of the Secured Securities by Woolworths in accordance with Item 7 of Section 611 of the Corporations Act.

5.2 Basis of assessment

The Proposed Restructure requires the approval of Non-associated Securityholders in accordance with item 7 of Section 611 of the Corporations Act.

The Proposed Restructure is not a control transaction, and as such, RG 111, issued by ASIC indicates the principles and matters which it expects a person preparing an independent expert report to consider in providing an opinion as to whether the advantages of the Proposed Restructure outweigh the disadvantages (rather than an opinion as to whether the Proposed Transaction is fair and reasonable as is the case for control transactions) from the perspective of the Non-associated Securityholders.

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[6] Directors of Home Consortium excluding David Di Pilla, Greg Hayes and Zac Fried, who are directors of HIC Trustee and so have an interest in the Proposed Restructure.

[7] HIC Trustee is not allowed to vote.

RG 111.42 states that when preparing a report on the sale of securities under Item 7 of Section 611 of the Corporations Act, the independent expert should identify the advantages and disadvantages or the proposal to Securityholders not associated with the transaction and provide an opinion that either:

- the advantages of the proposal outweigh the disadvantages; or
- the disadvantages of the proposal outweigh the advantages.

RG 111.41 further notes the opportunity of receiving a takeover bid and sharing in any premium of control may be foregone by Securityholders in approving the Proposed Restructure. In accordance with RG 111.41, KPMG Corporate Finance has considered whether, by approving the Proposed Restructure, Non-associated Securityholders may be forgoing the opportunity of receiving a takeover bid and sharing in any premium for control.

In accordance with RG 111.43 to RG 111.46, KPMG Corporate Finance has also considered:

- whether the vendor (HIC Trustee) is to receive a premium for control as a result of the Proposed Restructure
- whether future transactions are planned between Home Consortium, the vendor (HIC Trustee) or any of their associates, and if any are contemplated, whether those transactions would be on an arm's length basis
- whether any proposed acquisitions by way of sale might deter the making of a takeover bid for Home Consortium if the Proposed Restructure is approved
- any other consideration relevant to control.

5.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Home Consortium for the purposes of this report.

Furthermore, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with Management in relation to the nature of the business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Home Consortium has been responsible for ensuring that information provided by them or their representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by Management, including a financial model and a leasehold liability model (collectively, the **Models**). KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this IER and Home Consortium remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the Models.

KPMG Corporate Finance has undertaken various enquiries in relation to the Models, including holding discussions with Management in regard to the commercial assumptions underlying the Models. We have reviewed the key commercial assumptions in the context of current economic, financial and other conditions (e.g. regulatory, contractual). KPMG Corporate Finance is of the view that the forward-looking information has been prepared on a reasonable basis and, therefore, is suitable as a basis for our valuation.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The Independent Directors are responsible for conducting due diligence in relation to the Proposed Restructure. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report and corresponds with a period of significant volatility in global financial markets and widespread macro-economic uncertainty associated with COVID-19. To the extent possible, we have reflected these conditions in our opinion. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, could impact upon our opinion in the future. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6 Profile of Home Consortium

6.1 Overview

Home Consortium is an internally managed property group focused on ownership, development and management of retail and service centres, anchored by national tenants spanning daily needs, leisure & lifestyle, homewares & electrical and services. Home Consortium is comprised of HCL and HCDL and their controlled entities. Shares in HCL are stapled to shares in HCDL to form the Securities. Home Consortium was established in 2017 when a consortium of investors, the Foundation Securityholders, acquired the former Masters real estate portfolio from Woolworths. The Foundation Securityholders hold their interest in Home Consortium via HIC Trustee, which is wholly owned by the Foundation Securityholders. It currently holds a relevant interest of 36.3% in Home Consortium, including an indirect interest of 12.1% through wholly owned subsidiary HICC 2 Pty Ltd (**HICC 2**) as bare trustee for the Home Acquisition Trust.

Home Consortium was listed on the ASX in October 2019 and immediately prior to the announcement of the Proposed Restructure had a market capitalisation of approximately $745.8 million.[8]

6.2 Strategy

Home Consortium's objective, as set out in the IPO prospectus, is to deliver investors above average risk-adjusted returns through a combination of regular dividend income and capital growth through investments in hyper-convenience based retail and service assets. The key drivers of the business are:

- ***Portfolio, development and centre management –*** owning, developing and managing a portfolio of properties that are anchored by quality tenants with long term leases in order to deliver an innovative retail and services property offering. This has included the redevelopment of former Masters retail stores into hyper-convenience based retail and service centres across Australia
- ***Additional growth opportunities –*** in addition to the redevelopment of the remaining 9 centres in Home Consortium's portfolio, Home Consortium has the potential for additional earnings and capital growth through ancillary income growth, brownfield developments at existing sites, acquisition of properties that are consistent with Home Consortium's strategy, funds management activities, future mixed use developments (including town centre developments) and strategic investments
- ***Capital management and initiatives –*** pursuing future capital partnering and funds management initiatives to generate annuity style management fee income, whilst maintaining an appropriate and efficient capital structure
- ***Diversification of sector exposure –*** increasing exposure to daily needs and services sector, comprising health, childcare and education, government services and health & wellness tenants, which is characterised by high quality tenant cash flows often backed by government funding, defensive tenant mix, and attractive growth prospects and leasing structures (long WALE of 10+ years, fixed escalations and ability to structure as triple-net leases). This has included the ongoing plans to establish a new Healthcare and Wellness REIT called 'Health Co' (announced on 26 February 2020) which would increase Home Consortium's exposure to healthcare and wellness, including aged care.

On 26 August 2020, Home Consortium announced its intention to establish an ASX listed Daily Needs REIT, supported by its recent strategic acquisitions of daily needs and healthcare & wellness assets in July 2020. In line with its strategy to own, develop and manage, Home Consortium will act as manager and the responsible entity of Daily Needs REIT and aim to achieve ASX listing in late 2020 to early 2021 subject to market conditions.

6.3 Property portfolio

Home Consortium currently owns 35 freehold properties[9], including 26 established properties and 9 properties under development, and 8 leasehold properties[10]. The combined freehold portfolio will have a

[8] Calculated as closing price on 10 August 2020 of $2.98 multiplied by 250,282,102 Home Consortium securities on issue.

[9] Including 30 centres as at 30 June 2020, plus the acquisition of three properties from Woolworths Group, the Aurrum Erina residential aged care property recently acquired from Aurrum Aged Care (subject to approval of Home Consortium non-associated Securityholders) and the contracted acquisition of the Parafield leasehold property. Excludes the contracted acquisition of the Ballarat leasehold property.

[10] Excludes the Parafield leasehold property and includes the Ballarat leasehold property.

gross lettable area (**GLA**) of approximately 417,483 square metres (**sqm**),[11] a combined value of $1,199.7 million,[12] occupancy of 97.8% and a weighted average capitalisation rate (**WACR**) of 6.6%.

The leasehold properties are discussed further in Section 7.

Table 1: Home Consortium freehold portfolio[1]

	30 June 2020 (pro-forma[1])
Freehold operating properties	26
Freehold development properties	9
Total number of freehold properties	35
Book value of freehold properties ($ million)[2]	1,199.7
WACR (%)	6.6%
WALE (years)	8.1
Occupancy (by GLA) (Operating Centres) (%)	97.8%
Trading occupancy (by GLA) (Operating Centres) (%)	88.5%
National tenants (%)[3]	87.0%
Gross lettable area (sqm)	417,483

Source: Management
Note 1: Unless otherwise noted, based on 30 centres as at 30 June 2020, plus the acquisition of three properties from Woolworths Group, the Aurrum Erina residential aged care property from Aurrum Aged Care and the contracted acquisition of the Parafield leasehold property. Excludes the Ballarat leasehold property.
Note 2: Based on independent and internal valuations as at 30 June 2020. Includes $1.0 million capitalised option value at Vicentia Marketplace.
Note 3: Based on gross income from signed leases and signed MOUs across the Freehold portfolio. Includes Ballarat which is expected to settle in 2022.

Of the nine development properties as at 30 June 2020 (including the acquisition of Parafield), Management expects to complete a further seven developments in FY21, with the remaining two developments expected to complete in FY22.

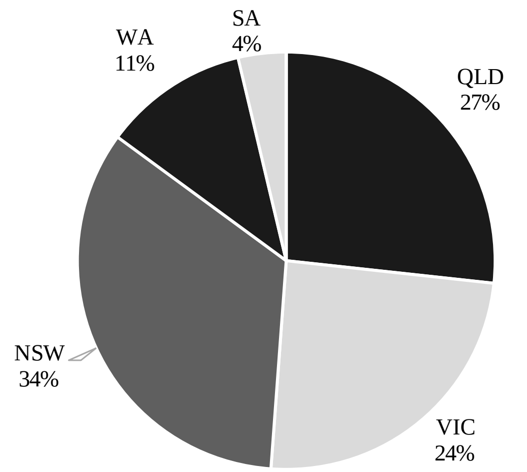
Geographical diversification

Home Consortium's 35 freehold centres are located in Queensland, New South Wales, Victoria, Western Australia and South Australia and includes 24 centres in metropolitan areas in Brisbane, Sydney, Melbourne, Perth and Adelaide. Queensland, Victoria and New South Wales represent 85% of the portfolio by GLA.

[11] Estimate as at 30 June 2020 and subject to ongoing design changes.

[12] Book value of $964.2 million at 31 December 2019 plus an audited valuation uplift at 30 June 2020 of $49.6 million and acquisitions of $185.9 million.

Figure 3: Home Consortium's geographical diversification (by GLA) post acquisitions

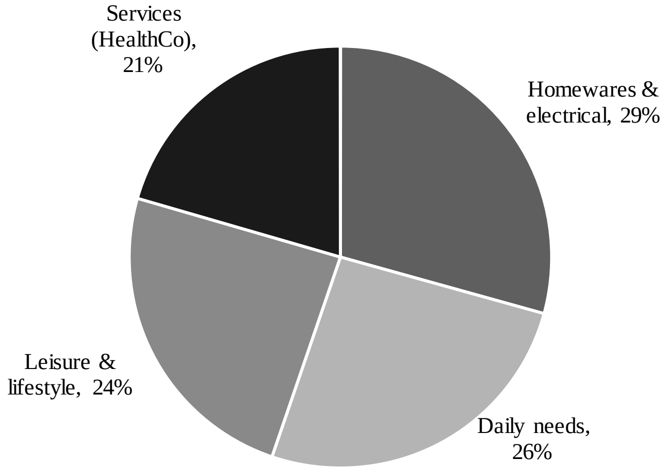


Source: Management

Tenant mix

Home Consortium's tenants are segmented into daily needs, leisure & lifestyle and homewares & electrical and services (HealthCo). Approximately 71% of gross income from freehold properties will be categorised as leisure & lifestyle, daily needs and services (HealthCo).

Figure 4: Home Consortium's tenant mix (by gross income)[13]



Source: Management

Furthermore, national tenants will represent 87% of tenants.

WALE

The portfolio has a relatively long WALE of 8.1 years.

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[13] Based on gross income from signed leases and signed MOUs across the Freehold portfolio. Includes Ballarat which is expected to settle in 2022.

6.4 Financial performance

The financial performance of Home Consortium for FY20 is summarised in the following table.[14]

Table 2: Financial performance of Home Consortium

Period	FY20 Audited		
$ million unless otherwise stated	**Freehold**	**Leasehold**	**Consolidated**
Property income	62.3	11.0	73.3
Property expenses	(28.6)	(5.1)	(33.7)
Net property income	**33.7**	**5.9**	**39.6**
Corporate expenses	(7.1)	(1.0)	(8.1)
EBIT	**26.6**	**4.9**	**31.5**
Net interest expense[1]	(14.3)	-	(14.3)
Straight lining of rental income and amortisation of lease incentives	0.7	(0.1)	0.6
Leasehold rent[2]	(2.8)	(20.6)	(23.4)
FFO[3]	**10.1**	**(15.7)**	**(5.6)**
Leasehold rent	2.8	20.6	23.4
Interest and finance charges on lease liabilities	(1.7)	(11.8)	(13.5)
Fair value movements	14.6	(4.9)	9.7
Acquisition and transactions costs[4]	(5.8)	(3.5)	(9.3)
Amortisation of borrowing costs	(7.4)	-	(7.4)
Straight lining of rental income and amortisation of lease incentives	(0.7)	0.1	(0.6)
Net (loss)/profit before tax	**11.9**	**(15.2)**	**(3.3)**
Income tax benefit/(expense)	(5.9)	6.4	0.5
Net (loss)/profit after tax	**6.0**	**(8.8)**	**(2.8)**
Statistics			
Weighted average number of Securities on issue (million)	*167.3*	*167.3*	*167.3*
FFO per Security ($)	*$0.060*	*($0.094)*	*($0.033)*
Distribution per Security ($)			*$0.075*

p
Source: Home Consortium Annual Financial Report for FY20, Home Consortium FY20 Results Presentation and KPMG Corporate Finance analysis
Notes:
1. *Net interest expense is interest and finance charges on borrowings net of interest income.*
2. *Mainly relates to Hawthorn East, Coffs Harbour and Upper Coomera leaseholds which were acquired in 2019.*
3. *FFO calculated in accordance with Property Council of Australia.*
4. *Includes $5.8 million of IPO costs, $0.7 million lease surrender costs and $2.8 million of legal/litigation fees.*

In relation to the income statement, we note the following:

- net property income and EBIT primarily reflect the earnings attributable to Home Consortium's freehold property portfolio
- leasehold property income ($11.0 million) includes mostly property rental income of $9.9 million and $1.1 million of other property income, which relates to recoveries from tenants recognised in accordance with AASB 15
- consolidated FFO of ($5.6 million) includes $10.1 million FFO attributable to freehold properties and ($15.7 million) attributable to leasehold properties
- FY20 incorporates eight full months of trading post the IPO and refinancing.

[14] Home Consortium presented earnings from freehold property separately to earnings from leasehold property (which is subject to ring fencing) from 1H20.

Home Consortium is targeting a normalised dividend payout ratio in the range of 80% to 100% of FFO derived from freehold properties, once the property portfolio is fully stabilised. On 18 September 2020, Home Consortium will pay a final fully franked dividend of $0.075 per Security.

6.5 Financial position

The financial position of Home Consortium as at 30 June 2020 is presented both on a reviewed and 'NTA Adjusted' basis consistent with Management's Securityholder presentations (i.e. excluding leasehold assets and liabilities, provisions and deferred tax assets).

Table 3: Financial position of Home Consortium

As at $ million unless otherwise stated	30-Jun-20 Consolidated	Difference	30-Jun-20 NTA Adjusted
Cash and cash equivalents[2]	29.6	(26.7)	2.9
Trade / other receivables & prepayments	9.0	(2.9)	6.1
Investment properties - freehold	1,013.8	-	1,013.8
Investment properties - leasehold	84.3	(84.3)	-
Deferred tax asset	141.1	(141.1)	-
Total assets	**1,277.8**	**(255.0)**	**1,022.8**
Trade / other payables and provisions (current and non current)	(40.7)	15.8	(24.9)
Borrowings	(361.4)	-	(361.4)
Lease liabilities[3]	(143.1)	142.6	(0.5)
Derivative financial liability	(3.1)	-	(3.1)
Total liabilities	**(548.3)**	**158.4**	**(389.9)**
Net assets	**729.5**	**96.6**	**632.9**
Equity attributable to HomeCo stapled securityholders	**729.5**	**96.6**	**632.9**
Statistics			
Number of Securities ('000)			*197,912*
NTA per Security ($)[4]			*3.20*
Gearing[5]			*35.6%*

Source: Home Consortium Annual Financial Year Report for FY20, Home Consortium FY20 Results Presentation and KPMG Corporate Finance analysis.
Notes:
1. *Net tangible assets adjusted to exclude the following balance sheet items: (i) LMA ($26.7 million), (ii) investment properties – leasehold (recognised under AASB 16) ($84.3 million), (iii) leasehold liabilities (recognised under AASB 16) ($142.6 million), (iv) provisions ($2 million) and (v) deferred tax assets ($141.1 million).*
2. *Cash and cash equivalents (Reviewed) includes $26.7 million LMA balance.*
3. *Lease liabilities is current and non-current lease liabilities and includes lease liability for corporate head office.*
4. *NTA per Home Consortium Security is calculated as net assets divided by the number of Securities at period end.*
5. *Gearing (Adjusted NTA basis) represents drawn debt (excluding lease liabilities and capitalised borrowing costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents, LMA, investments properties - leasehold and deferred tax assets.*

In relation to the reviewed financial position of Home Consortium as at 30 June 2020, we note:

- cash includes a $26.7 million LMA balance, reduced from $60 million in October 2019 due to the funding of the surrender of two leasehold properties and four top-up arrangements
- investment properties represent the most substantial asset on Home Consortium's balance sheet (86% of total assets) and comprise a combination of leasehold and freehold properties. Freehold centres had a fair value of $1,013.8 million, which is an increase of $213.6 from 30 June 2019 due to capital expenditure and the acquisition of Upper Coomera QLD, Coffs Harbour NSW and Hawthorn East VIC, as well as the completion of Hawthorn East VIC and Keysborough VIC

- freehold investment properties will increase by $185.9 million after 30 June 2020, following the acquisition of three properties from Woolworths Group, the Aurrum Erina residential aged care property recently acquired from Aurrum Aged Care and the contracted acquisition of the Parafield leasehold property. As a result of the Aurrum Erina transaction, Securities on issue increased to 257,226,546 and NTA per security fell from $3.20 to $3.08
- Home Consortium's leasehold investment properties had a fair value of $84.3 million as at 30 June 2020, which has decreased from $129.9 million from 30 June 2019 primarily as a result of the surrender of two leasehold properties and termination payments in relation to four properties. The NPV of liabilities relating to the remaining nine leasehold properties was $58.3 million and the balance of the LMA was $26.7 million. Further details regarding Home Consortium's leasehold properties are set out in Section 7 of this report
- deferred tax assets reflect temporary accounting differences for tax losses, investment property, net lease liabilities and other. As at 30 June 2020, Home Consortium had a total deferred tax asset of $141.1 million recognised on the balance sheet. This was comprised of $62.1 million of tax losses available, $35.4 million of freehold investment property profits, $42.9 million of lease liabilities profits, $16.1 million of right-of-use assets losses and $11.8 million of other profits. In addition, it had $2.2 billion of tax losses within Home Consortium for which no asset has been recognised
- lease liabilities have reduced (relative to $240.7 million in June 2019) due to Home Consortium's leasehold mitigation strategy, with the surrender of two leasehold properties and all of the four Bunnings top-up properties. During FY20, Home Consortium was granted the option to acquire a leasehold property in Ballarat on a delayed settlement in 2022. The interim lease payments will be funded by the LMA.

On an Adjusted basis (excluding lease assets and liabilities, provisions and deferred tax assets) as at 30 June 2020, Home Consortium's NTA per Security was $3.20 and gearing was 35.6%, which is within the target gearing range of 30% to 40%.

Borrowings

Home Consortium has a $500 million senior syndicated bank debt facility which expires in October 2022 and comprises a $325.0 million term loan facility and $175.0 million revolving facility to be used to fund capital expenditure and acquisitions and for general corporate purposes. As at 30 June 2020, Home Consortium had $366 million of drawn debt and undrawn facilities of $134 million. Borrowings of $361.4 million on the balance sheet as at 30 June 2020 are net of $4.6 million capitalised borrowing costs.

Home Consortium has entered into various interest rate swaps. As at 30 June 2020, 47.8% of drawn debt was hedged.

6.6 Share capital and ownership

Securities on issue

As at 2 September 2020, Home Consortium had 257,226,546 Securities on issue.

Securityholder composition

As at 2 September 2020,[15] Home Consortium had the following substantial Securityholders as set out in the table below.

Table 4: Substantial Securityholder composition as at 2 September 2020

	Date of report	Direct interest	Relevant interest		% interest
HIC Trustee	2 September 2020	62,232,824	93,354,537	1	36.3%
HICC 2	2 September 2020	31,121,713	31,121,713		12.1%
Woolworths	11 August 2020	-	80,000,000	2	31.1%
Spotlight Group Holdings Pty Ltd	2 September 2020	15,265,737	108,620,274	3	42.2%
CW Properties Nominees Pty Ltd	7 July 2020	2,238,806	95,593,343	4	37.2%
Primewest (HICT) Pty Ltd	2 September 2020	-	93,354,537	5	36.3%
Perpetual Limited	7 July 2020	15,667,954	15,667,954		6.1%

Source: Substantial Securityholder notices on ASX website. Dates of notice are as at 7 July 2020, 11 August 2020 and 2 September 2020, and include the impact of the SPP.
Notes:
1. *Registered holder of 62,232,824 Securities and a deemed relevant interest in a further 31,121,713 Securities as a result of being the sole shareholder of HICC2.*
2. *A deemed relevant interest in 80,000,000 Securities as a result of the Proposed Restructure*
3. *Registered holder of 15,265,737 Securities and a deemed relevant interest in a further 93,354,537 Securities as a result of Term Sheet with other HICC shareholders.*
4. *Registered holder of 2,238,806 Securities and a deemed relevant interest in a further 93,354,537 Securities as a result of Term Sheet with other HICC shareholders.*
5. *Deemed relevant interest in 93,354,537 Securities as a result of Term Sheet with other HICC shareholders.*

HIC Trustee's relevant interest arises as it directly owns 62,232,824 Securities and is the sole shareholder of HICC 2, which directly holds a further 31,121,713 Securities.

Woolworths has a deemed relevant interest in 80,000,000 Home Consortium Securities as a result of the Proposed Restructure, which includes 53,333,333 Securities directly held by HIC Trustee and 26,666,667 Securities directly held by HICC 2.

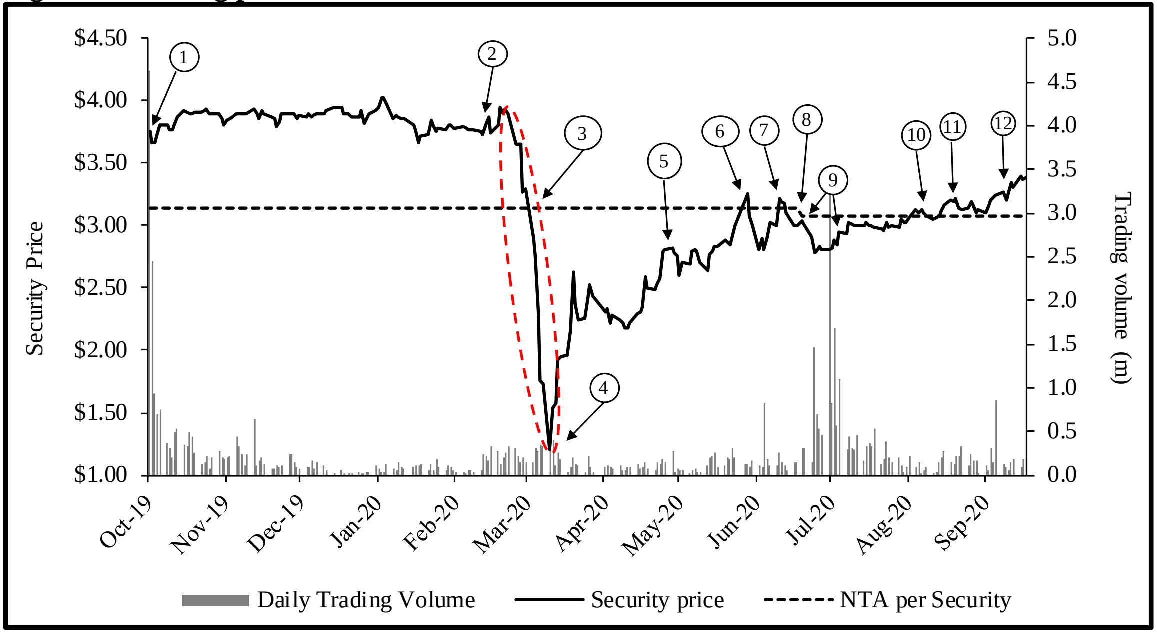
6.7 Security price performance

6.7.1 Recent trading in Securities

The trading price and volume of Securities from listing on the ASX on 14 October 2019 to 30 September 2020 is illustrated in the chart below.

[15] Reflects the impact of the recently completed Placement and SPP, which closed on 2 July 2020 and 21 July 2020, respectively. Also reflects the impact of the recent issue of 6,944,444 Securities in relation to the acquisition of the Aurrum Erina residential aged care property from Aurrum Aged Care, which was completed on 2 September 2020.

Figure 5: Trading price and volume of Securities



Source: S&P Capital IQ; KPMG Corporate Finance analysis, Home Consortium Half Year Results Presentation 1H20, Home Consortium Half Year Report 1H20, Home Consortium Acquisition and Equity Raising Presentation.
Note: NTA per Security of $3.14 at 14 October 2019 is adjusted for leases and NTA per Security of $3.08 at 1 July 2020 is pro forma and reflects the acquisitions of the three Woolworths neighbourhood centres.

The following is noted in relation to the chart:

1. On 14 October 2019, Home Consortium listed on the ASX issuing 97 million shares at $3.35 with net proceeds from the offer totalling $325 million. From then until early March 2020, Securities closed in a reasonably narrow range of around $3.70 to $4.00.[16]

2. On 26 February 2020, Home Consortium released its 1H20 result, which indicated that it was delivering on the FY20 pro-forma Freehold FFO prospectus forecast earlier than predicted, resulting in a 10% increase in guidance. It also announced a childcare initiative in partnership with Aurrum Childcare, plans to introduce a new Healthcare & Wellness REIT and a reduction in the net leasehold liability by over 40% from $95 million to $55 million (pro-forma). The Security price increased by 5.9% over the following week to close at a high of $3.95 on 3 March 2020, a substantial premium (25.8%) to Adjusted NTA per Security (including freehold properties) as at 31 December 2019 of $3.14. The premium to NTA potentially reflected an anticipated uplift in the value of the portfolio as a result of the lease take-up of the 21 trading centres to 97% and completion of three development sites in FY21 as announced in the 1H20 results presentation

3. Throughout March 2020, the Security price declined in line with the overall sharemarket (reflecting the impact of COVID-19) to close at a low of $1.20 on 23 March 2020 (a 61.8% discount to NTA).

4. On 23 March 2020, Home Consortium confirmed that it had maintained a strong liquidity position and stated that the development projects at Cairns (Queensland) and Coffs Harbour (New South Wales) were still expected to be completed as previously forecast. Furthermore, Home Consortium confirmed that foot traffic for the period 1 January 2020 to 22 March 2020 had been resilient.

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[16] NTA per Security during this period includes freehold and leasehold properties.

5. On 7 May 2020, the Security price increased by 8.1% after a COVID-19-related trading update in which Management announced it was stabilising the portfolio and positioning for sustainable future growth. It announced the following:
   - 90% of tenants are open and trading
   - the final FY20 distribution guidance was reinstated at a minimum $0.05 per Security (fully franked)
   - the cash impact of COVID-19 had been mitigated by cash management and cost saving initiatives
   - the company maintained a strong liquidity position of $142 million.
6. On 12 June 2020, S&P Dow Jones Indices announced that as part of its quarterly rebalance of the S&P/ASX All Ordinaries Index, Home Consortium would be an addition to the index effective at the open on 22 June 2020.
7. On 23 June 2020, Home Consortium announced a preliminary valuation increase of 5.2% (a net valuation increase of 2.8%, excluding capital expenditure), resulting in an increase in the Security price of 7.0% to close at $3.21.
8. In the month to 30 June 2020, Securities traded in the range of $2.73 to $3.29, at a VWAP[17] of $2.95 and closed at $3.00, a 4.5% discount to Adjusted NTA per Security as at 31 December 2019 of $3.14.
9. On 1 July 2020, Home Consortium announced the acquisitions and Capital Raising[18], including a placement at $2.88, a 4.0% discount to the closing price of $3.00 on 30 June 2020 and a 6.9% discount to the 5 day VWAP of $3.09 on 30 June 2020 (**Placement**) as well as a 1.7% reduction in pro forma NTA (as a result of the increase in net borrowing from 31 December 2019 to 30 June 2020 and acquisitions and Capital Raising).[19] On 2 July 2020, the Security price increased by 1.3% to close at $3.04 (a 1.3% discount to pro forma NTA of $3.08), then declined to close at $2.95 on 17 July 2020. The Placement was fully subscribed.
10. On 11 August 2020, Home Consortium announced the Proposed Restructure, the Security price increased by 2.3% to close at $3.05 (a 1.0% discount to pro forma NTA to $3.08).
11. On 26 August 2020, Home Consortium announced the FY20 financial performance, including a fully franked FY20 final dividend of 7.5 cps. The Security price increased by 0.3% to close at $3.08, at the pro forma NTA. From the period 11 August 2020 to 15 September 2020, Home Consortium Security price traded in the range of $2.97 to $3.34.
12. On 24 September 2020, Home Consortium provided an update on its ASX listed Daily Needs REIT strategy and pipeline. The Security price increased by 3.1% to close at $3.35 (representing an 8.8% premium to pro forma NTA of $3.08).

6.7.2 Relative Security price performance

Home Consortium is a member of the S&P/ASX All Ordinaries Index (**All Ordinaries Index**) and the S&P/ASX A-REIT (Sector) Index (**A-REIT Index**). The performance of Home Consortium Securities

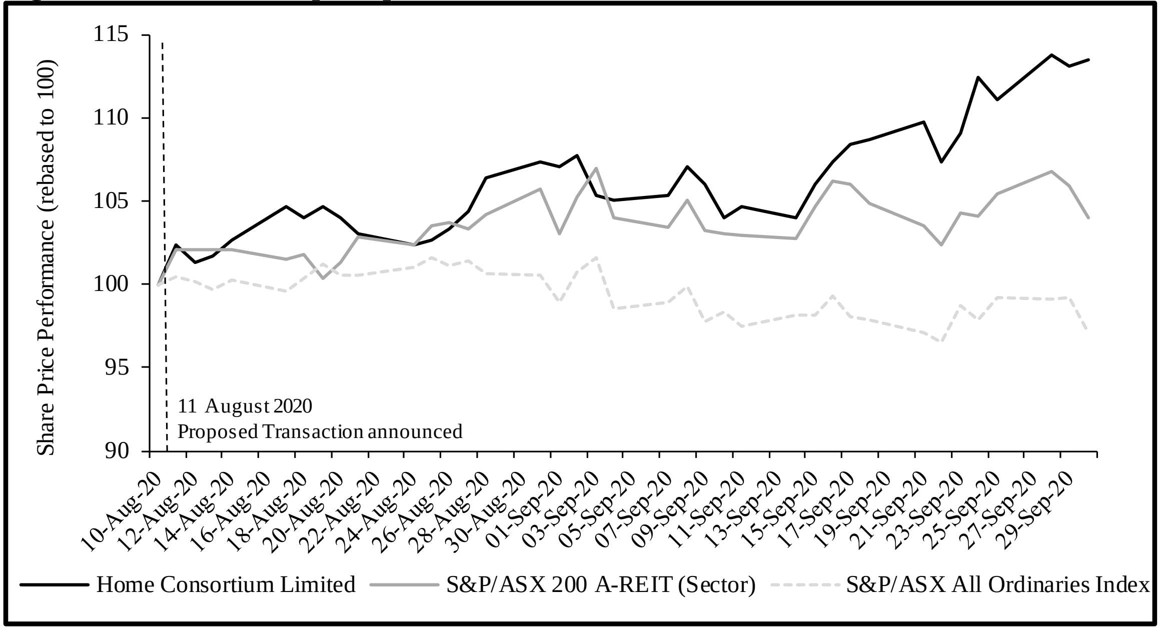
[17] Volume weighted average price

[18] A non-underwritten security purchase plan (**SPP**) of up to $30 million at the lower of $2.88 per Security and a 2.5% discount to the five day VWAP of Securities up to and including the closing date. The SPP closed on 21 July 2020 and raised $10.64 million at $2.83 per Security (together, **Capital Raising**).

[19] The announced pro forma NTA assumed 100% allocation of the SPP.

since its IPO on 10 August 2020 to 30 September 2020 relative to the All Ordinaries Index and the A-REIT Index, (rebased to 100) is illustrated below.

Figure 6: Relative share price performance



Source: S&P Capital IQ; KPMG Corporate Finance analysis

The Home Consortium Security price broadly tracked the All Ordinaries Index and the A-REIT Index prior to 10 August 2020, a day before the Proposed Restructure was announced. The Security price outperformed the indices from 11 August 2020 on the back of the announcement of the proposed transfer and security restructure, as well as the settlement of the acquisition of the three anchored convenience-based neighbourhood centres acquired from Woolworths for $127.8 million.

Following the announcement on 26 August 2020 in relation to Home Consortium's FY20 financial performance, including a fully franked FY20 final dividend of 7.5 cps, Home Consortium further outperformed the broader indexes. This outperformance was driven by the strength of the Home Consortium portfolio which is anchored by tenants who meet the daily needs and convenience of customers, as well as a series of dilutive capital raisings across the market.

6.7.3 Liquidity

An analysis of the volume of trading in Home Consortium Securities, including the VWAP for the period 11 August 2020 (the announcement of the Proposed Restructure was made on 11 August 2020) to 30 September 2020 is set out in the table below.

Table 5: Volume of trading in Home Consortium Securities

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 30 September 2020						
1 day	3.34	3.40	3.38	0.7	0.2	0.1
5 days	3.20	3.49	3.36	2.7	0.8	0.3
1 month	3.06	3.49	3.23	13.9	4.3	1.7
11 Aug 2020 to 30 Sep 2020	2.97	3.49	3.19	18.8	5.9	2.3

Source: S&P Capital IQ; KPMG Corporate Finance analysis.

During the period from 11 August 2020 to 30 September 2020 (37 days), 2.3% of issued Securities were traded, or 15.9% on an annualised basis. Taking account Home Consortium's limited free float,[20] 25.6% of Securities[21] were traded on an annualised basis. This level of trading indicates that there is an active market for Home Consortium Securities.

7 Leasehold Properties

7.1 Background

HCL, through wholly owned subsidiaries, is tenant to a number of leases. On 11 October 2017, HIC Trustee acquired HCL and its subsidiaries from Woolworths, including a portfolio of 19 leasehold properties across Australia. Of the 19 leasehold properties[22] acquired, 16 properties were subject to parent company guarantees provided by Woolworths to landlords in respect of which LeaseCo or Home Investment Lease Company Pty Ltd are lessees (**Woolworths Guaranteed Leases**).

In connection with the acquisition of HCL, HIC Trustee entered into an indemnification deed with Woolworths (**Indemnification Deed**) on 26 June 2017. Under the Indemnification Deed, HIC Trustee provided an indemnity to Woolworths in respect of any liability, cost or loss suffered by Woolworths in relation to a Home Consortium tenant's default or misrepresentation made under a Woolworths Guaranteed Lease or a landlord's enforcement of rights under a Woolworths Guaranteed Lease. In addition, Woolworths has the benefit of second ranking security in the form of general security deeds, but not mortgages, granted by each of the existing obligors[23] (**Woolworths Security**). The second ranking security ceases once there are only five leasehold properties remaining.

Since the acquisition of HCL, Home Consortium has taken steps to reduce/de-risk its exposure to the 19 leasehold properties through the following strategies:

- the surrender of the Woolworths Guarantee Leases,
- the repurposing of the site with sub-leases in place in respect of all or some of the site, and
- the acquisition of the freehold of the relevant property.

[20] Free float calculated as 153.2 million Securities and excludes HIC Trustee's relevant interest of 37.9%.

[21] Calculated as 15.9% divided by (100%-37.9%).

[22] 19 leasehold properties include 4 sites where Home Consortium 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.

[23] Each Home Consortium entity as at 23 September 2019.

HIC Trustee is Home Consortium's Foundation Securityholder[24] with 36.3% interest, and currently provides an indemnity to Home Consortium for all economic exposure to the remaining leasehold properties. During FY20, agreements were entered into to acquire leasehold properties at Ballarat and Parafield.

7.2 Lease mitigation strategy

In October 2017, HCL, HIC Trustee, and HICC 2 entered into a lease mitigation deed (**Lease Mitigation Deed**) in connection with the lease mitigation strategy that Home Consortium put in place to reduce the exposure of new Home Consortium securityholders, who acquired securities through the IPO of Home Consortium on the ASX on 16 October 2019, to the property leases. As part of Home Consortium's lease mitigation strategy, a $60 million LMA was established to fund the ongoing cost of 15 properties, with the foundation securityholders liable for leasehold liabilities in excess of $60 million. Between the IPO and 30 June 2020, the LMA was subsequently used to finance the surrender of two leasehold properties and termination payments in relation to four properties with surrender top-up arrangements.

In addition, 93,333,335 securities held by HIC Trustee and HICC 2 Pty Ltd are subject to voluntary escrow arrangements for two years from 16 October 2019.

Under the Lease Mitigation Deed, effective from 31 March 2020, HIC Trustee is required to make additional payments to the LMA at 30 June and 31 December each year, and to ensure that the pro-forma cash balance available in the LMA as at 31 March and 30 September of each year is an amount not less than the lesser of:

- $30 million, which is subject to consumer price index (**CPI**) changes, and
- an amount equal to 110% of the NPV of the Leasehold Liabilities[25] or 100% of the NPV if the NPV is equal to or less than $5 million.

As at 30 June 2020, the NPV of liabilities relating to the remaining eight leasehold properties was $58.3 million and the balance of the LMA was $26.7 million. An additional minimum deposit of $3.2 million is required to be made prior to 30 September 2020 as the LMA cash balance is below the required minimum balance of $29.9 million.[26]

7.3 Impact of the Proposed Restructure

Subject to any regulatory and related party approvals where required for the Proposed Restructure, the pro-forma net leasehold liability as at 30 June 2020 is $31.9 million and is comprised of $58.3 million of leasehold NPV, $13.0 million of working capital adjustment, $26.7 million of LMA cash balance and $12.7 million net leasehold liability associated with Parafield. The net leasehold liability calculation is set out in the figure below.

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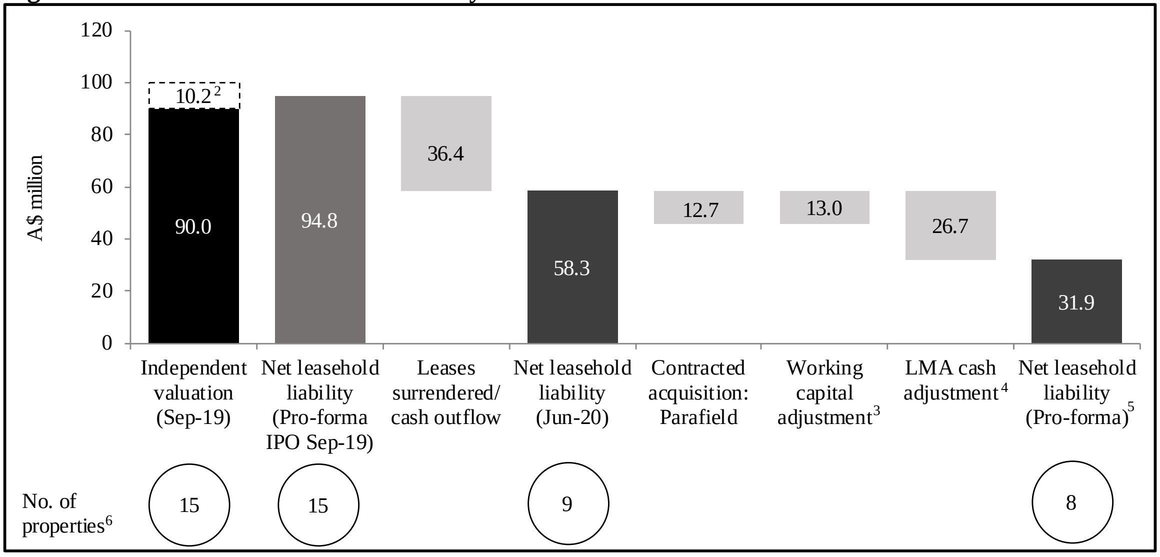
[24] The Prospectus defines the foundation securityholders as the original owners of Home Consortium (i.e. Aurrum, Chemist Warehouse, Spotlight, Primewest) who held an interest in Home Consortium via HIC Trustee.

[25] As set out in the audited or reviewed consolidated financial statements of Home Consortium for the period ending 30 June or 31 December.

[26] The minimum balance as at 30 June 2020 was the initial minimum balance of $30 million multiplied CPI June 2020/CPI June 2019, which is 99.65%.

Figure 7: Pro-forma net leasehold liability[1]



Source: FY20 Investor Presentation and Home Consortium Management
Notes:
1. *Net leasehold liability calculated from the balance sheet as 'Lease Liabilities' less 'Investment Properties – Leasehold' and excludes property management fee.*
2. *NPV of leasehold management fees as at IPO (payable from the LMA/foundation securityholders to Home Consortium).*
3. *Includes the remaining $5 million surrender payment for a surrendered leasehold property in Burnside, Victoria and repurposing capex claims*
4. *Offset by LMA cash balance of $26.7 million as at 30 June 2020.*
5. *Excludes Parafield as it is expected to settle by November 2020, whilst Ballarat is expected to settle in 2022.*
6. *Leasehold property count comprises 11 leasehold properties at IPO and the 4 Bunnings top-up properties. Excludes the 3 leasehold acquisitions that completed following the IPO.*

The pro-forma balance sheet impact of the Proposed Restructure is set out in the table below.

Table 6: Pro-forma balance sheet

As at $ million unless otherwise stated	30-Jun-20 Consolidated	Intercompany	LeaseCo Deconsolidated	30-Jun-20 Pro-forma
Cash and cash equivalents	29.6	-	(26.7)	2.9
Trade / other receivables & prepayments	9.0	44.8	(47.6)	6.1
Investment properties - freehold	1,013.8	-	-	1,013.8
Investment properties - leasehold	84.3	-	(84.3)	0.0
Deferred tax asset	141.1	-	(29.6)	111.5
Financial asset at fair value through profit or loss	-	-	-	-
Total assets	**1,277.8**	**44.8**	**(188.2)**	**1,134.3**
Trade / other payables and provisions	(40.7)	-	15.8	(24.9)
Borrowings	(361.4)	-	-	(361.4)
Lease liabilities[1]	(143.1)	-	142.6	(0.5)
Derivative financial liability	(3.1)	-	-	(3.1)
Total liabilities	**(548.3)**	**-**	**158.4**	**(389.9)**
Net assets	**729.5**	**44.8**	**(29.8)**	**744.4**
Equity attributable to HomeCo stapled securityholders	**729.5**	**44.8**	**(29.8)**	**744.4**
Statistics				
Number of Securities ('000)				*197,912*
NTA per Security ($)[2]				*3.20*

Source: Home Consortium Management and KPMG Corporate Finance analysis.
Notes:

1. *Lease liabilities is current and non-current lease liabilities and includes lease liability for corporate head office.*
2. *NTA per Home Consortium Security is calculated as net assets excluding deferred tax assets divided by the number of Securities at period end.*

In relation to the pro-forma financial position of Home Consortium as at 30 June 2020, we note:

- HIC Trustee is expected to issue a promissory note to Home Consortium in consideration for Home Consortium releasing HIC Trustee from its obligations under the Lease Mitigation Deed including the obligation to make lease support payments to Home Consortium. This is a transaction within the Home Consortium tax consolidated group and hence has no income tax implications for Home Consortium or LeaseCo. Furthermore, this is an inter-company share issue which will be eliminated upon consolidation
- cash and cash equivalents (Reviewed) includes LMA balance of $26.7 million
- a deferred tax asset of approximately $29.6 million is currently retained within LeaseCo. Home Consortium is expected to lose access to the benefit of utilising this tax loss amount if the Proposed Restructure is completed
- the net asset amount being deconsolidated as a result of the Proposed Restructure is expected to be $29.7 million.

7.4 Key legal agreements

The lease mitigation 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, LeaseCo and Home Consortium Lease Mitigation Pty Ltd (**MitigationCo**),
- an account bank side deed between MitigationCo, Australian and New Zealand Banking Group Limited and Credit Suisse AG, Sydney Branch, and
- voluntary escrow deeds between each of HIC Trustee and HICC 2 and Home Consortium.

7.5 Summary of Leasehold Properties

A summary of the eight leasehold properties is set out below.

Table 7: Summary of key lease terms for the leasehold portfolio

Leasehold property	Address	Lease start date	Lease end date	Lease term	Extension options
Chullora	Warehouse 1, Chullora Business Park, 62 Hume Highway, Chullora, NSW	25-Sep-12	24-Dec-32	20 years, 3 months	An additional 5 extensions of 5 years each
Cranbourne North	Corner Springhill Drive & Thompson Road, Cranbourne North, VIC	1-Oct-15	30-Sep-30	15 years	An extension of 10 years followed by 3 extensions of 5 years each
Northland	Corner Chifley Drive and Gower Street, Preston (Northland) VIC	28-May-12	27-May-27	15 years	An additional 6 extensions of 5 years each
Pakenham	825 Princes Highway, Pakenham, VIC	16-Jan-14	15-Jan-34	20 years	An additional 6 extensions of 5 years each
South Nowra	190-198 Princes Highway, South Nowra	10-Aug-16	9-Aug-31	15 years	An additional 6 extensions of 5 years each
Sunbury	105 Vineyard Road, Sunbury, VIC	8-May-14	7-May-34	20 years	An additional 8 extensions of 5 years each
Ballarat	25-51 Learmonth Road, Wendouree (Ballarat), VIC	15-Aug-13	14-Aug-28	15 years	An additional 3 extensions of 10 years each
West Gosford	392-398 Manns Road, West Gosford, NSW	28-Nov-13	27-Nov-28	15 years	An additional 5 extensions of 5 years each

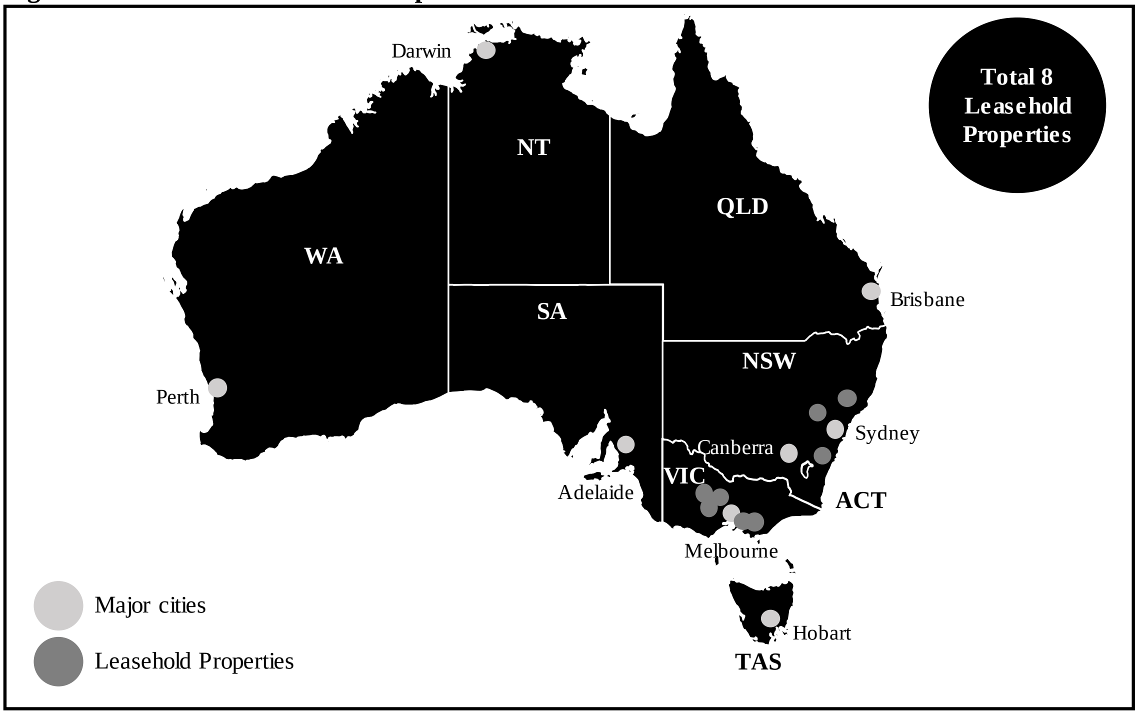
Source: Management

In relation to the Leasehold Properties, we note the following:

- in accordance with the underlying lease agreements of the leaseholds, annual lease payments are subject to annual CPI escalation
- all lease agreements are on a net lease basis, requiring the tenant to contribute all or part of the required statutory and non-statutory outgoings, as well as covering the cost of supply for all utilities
- all lease agreements include make-good provisions which require the tenant to return the leasehold property in good repair and condition, except fair wear and tear and damage by risks covered by the landlord's insurance, and
- the Chullora leasehold property requires the relevant landlord's consent upon any change in control event.

A map presenting the location of the Leasehold Property locations is illustrated in the figure below.

Figure 8: Location of Leasehold Properties



Source: KPMG Corporate Finance

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**). The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Sean Collins and Bill Allen. Each is an authorised representative of KPMG Corporate Finance and a partner of KPMG and has a significant number of years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. Sean is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Chartered Institute of Securities and Investments in the United Kingdom and holds a Bachelor of Commerce from the University of Queensland. Bill is an Associate of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree and a Graduate Diploma in Applied Finance.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Proposed Restructure is fair and reasonable to Non-associated Securityholders. KPMG Corporate Finance expressly disclaims any liability to any Non-associated Securityholders who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Notice of Annual General Meeting and Explanatory Memorandum or any other document prepared in respect of the Proposed Restructure. Accordingly, we take no responsibility for the content of the Notice of Annual General Meeting and Explanatory Memorandum as a whole or other documents prepared in respect of the Transaction.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Home Consortium for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Notice of Annual General Meeting and Explanatory Memorandum to be issued to the Non-associated Securityholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Notice of Annual General Meeting and Explanatory Memorandum (including earlier drafts)
- the announcement and presentation material regarding the Transaction released to the ASX on 11 August 2020
- Annual Report of Home Consortium for the year ended 30 June 2020
- Home Consortium IPO prospectus
- press releases, public announcements, media and analyst presentations material and other public filings by Home Consortium, including information available on the company's website
- brokers' reports and recent press articles on Home Consortium
- Title and lease documentation
- Signed Lease Mitigation Deed dated 23 September 2019
- share market data and related information regarding listed Australian retail A-REITs
- financial information from S&P Capital IQ, Bloomberg, ThomsonONE and Connect4
- various industry sources.

Non-public information

- Board papers, presentations, working papers and other confidential documents of Home Consortium

In addition, we have held discussions with, and obtained information from, the senior management of Home Consortium. We have also held discussions with the Independent Directors of Home Consortium.

Appendix 3 – Glossary

Abbreviation	Description
$	Australian dollars
All Ordinaries Index	S&P/ASX All Ordinaries Index
APESB	Accounting Professional & Ethical Standards Board
A-REIT Index	S&P/ASX A-REIT (Sector) Index
ASIC	Australian Securities & Investments Commission's
ASX	Australian Securities Exchange
Ballarat	25-51 Learmonth Road, Wendouree, Victoria
Capital Raising	A non-underwritten SPP of up to $30 million at the lower of $2.88 per Security and a 2.5% discount to the five-day VWAP of Securities up to and including the closing date. The SPP closed on 21 July 2020 and raised $10.64 million at $2.83 per Security
Chullora	Warehouse 1, Chullora Business Park, 62 Hume Highway, Chullora, New South Wales
Consideration	HIC Trustee to acquire a net leasehold liability of $31.9 million for a nominal sum of $1
Corporations Act	The Corporations Act 2001 (Cth).
CPI	Consumer price index
Cranbourne North	Corner Springhill Drive and Thompson Road, Cranbourne North, Victoria
Foundation Shareholders	The original owners of Home Consortium, which are Spotlight Group Holdings, Chemist Warehouse Group, Primewest Group Limited and Aurrum Holdings
GLA	Gross lettable area
HCDL	Home Consortium Developments Limited
HCL	Home Consortium Limited
HIC Trustee	Home Investment Consortium Company Pty Limited as trustee of the Home Investment Consortium Trust
HICC	Home Investment Consortium Company Pty Ltd
HICC 2	HICC 2 Pty Ltd as trustee for the Home Acquisition Trust
HICT	Home Investment Consortium Trust
Home Consortium	Home Consortium Limited and Home Consortium Developments Limited
Indemnification Deed	The indemnification deed entered into by HIC Trustee with Woolworths on 26 June 2017 in connection with the acquisition of HCL,
IPO	Initial Public Offering
KPMG Corporate Finance	KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division)
Lease Mitigation Deed	The lease mitigation deed entered into by HCL, HIC Trustee, and HICC 2 Pty Ltd as trustee for HICC 2 in October 2017
LeaseCo	Home Consortium Leasehold Pty Ltd
Leasehold Centre Management Fee	$150,000 per annum per centre for the management of each Leasehold Property under an agreed framework in the LMA
Leasehold Liabilities	Liabilities associated with the Leasehold Properties, primarily in the form of rent and outgoings, capital expenditure, possible termination payments and rental incentives
Leasehold Properties	The eight remaining leasehold properties held by LeaseCo
LMA	Lease Mitigation Account
Management	Home Consortium Management
Masters	Masters Home Improvement
MitigationCo	Home Consortium Lease Mitigation Pty Ltd
Models	Forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by Management, including a financial model (Financial Model) and a leasehold liability model (Leasehold Model)
Non-associated Securityholders	Securityholders of Home Consortium who are not associated with Woolworths and HIC Trustee
Northland	Corner Chifley Drive and Gower Street, Preston, Victoria
NPV	Net present value
Pakenham	825 Princes Highway, Pakenham, Victoria

Abbreviation	Description
Parafield	Main North Road, Parafield Airport, South Australia
Placement	A $140 million fully underwritten institutional placement at $2.88 per Security which was completed on 2 July 2020
Proposal A SSD	Woolworths' existing second ranking security over Home Consortium's freehold properties being replaced with a first ranking security interest over up to 80 million Home Consortium securities in return for Woolworths continuing to guarantee the leasehold properties
Proposal B SSD	Woolworths will retain its existing second-ranking Security over Home Consortium's assets until there are five or less WOW Guaranteed Leases, at which point Woolworths will release that security as required by current arrangements and receive a first ranking security over up to 50,000,000 Securities held by HIC Trustee, which will reduce progressively until there are no remaining guaranteed leases
Proposed Restructure	The transfer of LeaseCo, the termination of the lease mitigation arrangements and Proposal A SSD
RG 111	Regulatory Guide 111 Content of expert reports
RG 74	Regulatory Guide 74 Acquisitions approved by members
Secured Securities	The 80 million Securities held by HIC Trustee and HICC 2 over which a security interest is to be granted under the Proposal A SSD
Security	A fully paid ordinary stapled share in the Company.
Securityholder	A holder of Securities.
South Nowra	190-198 Princes Highway, South Nowra, New South Wales
SPP	Security purchase plan
SQM	Square metres
Sunbury	105 Vineyard Road, Sunbury, Victoria
WACR	Weighted average capitalisation rate
West Gosford	392-398 Manns Road, West Gosford, New South Wales
Woolworths	Woolworths Group Limited
Woolworths Guaranteed Leases	The 16 properties that were subject to parent company guarantees provided by Woolworths to landlords in respect of which LeaseCo or Home Investment Lease Company Pty Ltd are lessees
Woolworths Security	The second ranking security held by Woolworths over Home Consortium's assets in the form of general security deeds

Part Two – Financial Services Guide

Dated 28 July 2020

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**), Sean Collins as an authorised representative of KPMG Corporate Finance, authorised representative number 404189 and Bill Allen as an authorised representative of KPMG Corporate Finance, authorised representative number 405336 (**Authorised Representative**).

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- The services KPMG Corporate Finance and its Authorised Representative are authorised to provide;
- How KPMG Corporate Finance and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG Corporate Finance have in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance.
This FSG forms part of an Independent Expert's Report (**Report**) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units,

to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by the Independent Directors of Home Consortium Limited and Home Consortium Developments Limited (**Client**) to provide general financial product advice in the form of a Report to be included in the Notice of General Meeting and Explanatory Memorandum (**Document**) prepared by Client in relation to the proposed transaction (**Transaction**).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $68,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. Each Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

<u>Internal complaints resolution process</u>

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

<u>External complaints resolution process</u>

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 56 55 62
Facsimile: (03) 9613 6399
Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover in accordance with section 912B of the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
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Home Consortium

Explanatory Memorandum

Establishment of HomeCo Daily Needs REIT

19 October 2020

This is an important document and requires your immediate attention.

You should read this Explanatory Memorandum in full before deciding whether or not to vote in favour of the Capital Distribution Resolution to facilitate the Proposal and, if necessary, seek advice from your financial, taxation or other professional adviser(s). You may call the HomeCo Securityholder Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) if you have any questions.

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IMPORTANT NOTICES

This Explanatory Memorandum is issued by Home Consortium (ASX: HMC) (a stapled entity comprised of Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700)) (**HomeCo** or **Home Consortium**).

This Explanatory Memorandum contains details of the Proposal to establish HomeCo Daily Needs REIT and the approvals that are required to implement the Proposal.

Not a prospectus or product disclosure statement

This document is not a prospectus or product disclosure document under Chapter 6D or Part 7.9 of the Corporations Act.

A separate product disclosure statement was lodged with ASIC on 16 October 2020 in connection with the transfer of Units under the Capital Distribution (which was issued by HomeCo) and the issue of Units under the Offer (which was issued by HomeCo Daily Needs REIT) (**PDS**). Goldman Sachs and Macquarie Capital have been appointed by the Responsible Entity as Underwriters to the Offer and, together with Jarden Australia Pty Ltd, Morgans Financial Limited and Ord Minnett Limited, as Joint Lead Managers to the Offer. The Capital Distribution is not underwritten and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.

It is important that you read the entire Explanatory Memorandum and the PDS before voting on the Capital Distribution Resolution to implement the Proposal, and before making any decision to acquire additional Units under the Offer.

ASIC and ASX involvement

A copy of this Explanatory Memorandum has been provided to ASIC and lodged with ASX. Neither ASIC, nor ASX nor any of their respective officers takes any responsibility for the contents of this Explanatory Memorandum.

Information

Certain information in this Explanatory Memorandum is subject to change. If that information is not materially adverse to Securityholders, including with respect to the Capital Distribution, it will be updated and made available to you on the website https://investors.home-co.com.au/investor-centre/ or a paper copy of any updated information will be provided to you (free of charge) by calling the HomeCo Securityholder Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays). If there is a materially adverse change to the information or a materially adverse omission from this Explanatory Memorandum, HomeCo will issue a new or supplementary Explanatory Memorandum.

Not investment advice

The information provided in this Explanatory Memorandum is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Accordingly, nothing in this Explanatory Memorandum should be construed as a recommendation by HomeCo, or any associates of HomeCo, or any other person concerning an investment in HomeCo Daily Needs REIT.

In considering the Proposal and the prospects of HomeCo Daily Needs REIT, it is important that you consider the risk factors that could affect the financial performance of HomeCo Daily Needs REIT (see section 7 of the PDS) and the risk factors of the Proposal (see Section 3.7). You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and consult your professional adviser before deciding to invest.

Foreign jurisdictions

This Explanatory Memorandum does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Units or otherwise permit an offering of Units in any jurisdiction outside of Australia or New Zealand.

The distribution of this Explanatory Memorandum outside Australia or New Zealand may be restricted by law. If you come into possession of this Explanatory Memorandum, you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

New Zealand securityholders

This Explanatory Memorandum is not a New Zealand product disclosure statement and it has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the New Zealand Financial Markets Conduct Act 2013 or any other relevant law in New Zealand. This Explanatory Memorandum may not contain all of the information that a prospectus or an investment statement under New Zealand law is required to contain.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Proposal or Capital Distribution described in this Explanatory Memorandum, which is not contained in this Explanatory Memorandum or in the PDS. Any information or representation not contained in this Explanatory Memorandum or the PDS may not be relied on as having been authorised by HomeCo in connection with the Proposal or Capital Distribution.

This Explanatory Memorandum does not constitute an offer to any person in the United States, any US person (as such term is defined in Regulation S under the U.S. Securities Act of 1933) (**U.S. Person**), or any person acting for the account or benefit of a U.S. Person. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered under the Securities Act or exempt from registration.

This Explanatory Memorandum contains forecast financial information along with forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends”, and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause HomeCo Daily Needs REIT and/or HomeCo's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out in Section 3.7 of this Explanatory Memorandum and section 7 of the PDS. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, HomeCo Daily Needs REIT or HomeCo.

Financial amounts

Money as expressed in this Explanatory Memorandum is in Australian dollars unless otherwise indicated.

Definitions and abbreviations

Defined terms and abbreviations used in this Explanatory Memorandum are explained in the Glossary at the end of this Explanatory Memorandum.

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IMPORTANT DATES

Event	Indicative Date
Notice of Meeting dispatched to Securityholders	Monday, 19 October 2020
Proxy Form to be lodged with Registry	By 10.30am on Monday, 16 November 2020
Date and time for determining eligibility to vote at the Meeting	7.00pm on Monday, 16 November 2020
Meeting	**10.30am on Wednesday, 18 November 2020**
Effective date	Thursday, 19 November 2020
HomeCo trades without an entitlement to the Capital Distribution on a deferred settlement basis	Monday, 23 November 2020
HomeCo Daily Needs REIT commences trading on ASX on a conditional and deferred settlement basis	Monday, 23 November 2020
Record Date for the Capital Distribution	**Tuesday, 24 November 2020**
Implementation Date - Capital Distribution of Units to Securityholders	Thursday, 26 November 2020
Allotment Date - Issue of Units to investors under the Offer	Thursday, 26 November 2020
HomeCo Daily Needs REIT commences trading on an unconditional and deferred settlement basis	Friday, 27 November 2020
Dispatch of holding statements	Friday, 27 November 2020
HomeCo Daily Needs REIT units commence trading on a normal settlement basis	Monday, 30 November 2020

Note: All dates and times are indicative only and may change without notice. HomeCo reserves the right to vary these dates and times. All dates and times in this Explanatory Memorandum refer to the time in Sydney, Australia.

1. QUESTIONS AND ANSWERS

QUESTION	ANSWER	REFERENCE
Details of the Proposal		
What is the Proposal?	The Proposal involves the establishment of HomeCo Daily Needs REIT (**HomeCo Daily Needs REIT** or the **REIT**) as a new ASX listed real estate investment trust that will acquire 15 stabilised, convenience focused assets and 2 properties under development from HomeCo. Further information on HomeCo Daily Needs REIT can be found in the PDS. It is proposed that HomeCo Daily Needs REIT will be established through a capital reduction of HomeCo and effected via a distribution in specie of ordinary units in the REIT held by HomeCo to Securityholders (**Capital Distribution**).	Section 3.1
What is the rationale for the Proposal?	The substantial growth in HomeCo's asset base and scale provides the foundation for the next phase of HomeCo's 'Own, Develop and Manage' strategy. The Capital Distribution establishes the platform for HomeCo to unlock additional value and growth through further capital recycling and progresses HomeCo towards a capital light model with diversified income streams. The establishment of HomeCo Daily Needs REIT creates the opportunity for Unitholders to gain exposure to a vehicle focused on investing in stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions. Furthermore, the Proposal will provide both HomeCo and HomeCo Daily Needs REIT with a capital structure and investor base appropriate for their respective strategies, income streams and the assets they will own after the Proposal is implemented. Accordingly, the Proposal is expected, over time, to create greater value for Securityholders than the current structure.	Section 3.2
How do the Directors recommend you vote?	Each Director recommends that Securityholders vote in favour of the Capital Distribution Resolution proposed for consideration at the Meeting. Each Director eligible to vote intends to vote all the Securities he or she holds or are controlled by him or her in favour of the Capital Distribution Resolution.	Section 3.3
What are the main benefits of the Proposal?	The Proposal is expected to provide a number of advantages to Securityholders. The main advantages include: • **Provides the foundation for the next phase of HomeCo's 'Own, Develop and Manage' strategy**: The establishment of HomeCo Daily Needs REIT creates new income streams for HomeCo and greater potential to further leverage its capital base to grow assets under management,	Section 3.5

QUESTION	ANSWER	REFERENCE
	thereby unlocking additional value and growth for Securityholders. • **Enables Securityholders to retain exposure to HomeCo Daily Needs REIT's portfolio**: The construction of the Portfolio and the weighting of the tenant mix towards non-discretionary retail is designed to provide exposure to defensive and sustainable income streams with future growth potential through structural lease escalations and development and acquisition opportunities. • **Increases investor choice**: By establishing two distinct ASX listed vehicles with different investment attributes, existing Securityholders will have the flexibility to consider HomeCo and HomeCo Daily Needs REIT as standalone entities and to adjust their level of investment in each accordingly. • **Facilitates more differentiated capital management**: HomeCo and HomeCo Daily Needs REIT will have the flexibility to further differentiate their capital structures and distribution policies to appropriately reflect their different financial, operational and strategic objectives. • **Provides 100% tax deferred distributions in FY21**: Securityholders will benefit from HomeCo Daily Needs REIT's modern Portfolio which has relatively high levels of depreciation which can be passed on through tax deferred distributions. Distributions from HomeCo Daily Needs REIT are expected to be 100% tax deferred in FY21. • **Reduces gearing in HomeCo**: HomeCo's gearing will be reduced from balance sheet gearing of 32% to look-through gearing of 29% following the proposal, providing additional capacity to fund value and earnings accretive investment opportunities, including seed investments for further funds.	
What are the main disadvantages of the Proposal?	There are a number of disadvantages associated with the Proposal which you should take into account in deciding how to vote. The main disadvantages include: • **Transaction and implementation costs**: Total transaction costs of the Proposal are expected to be approximately \$44.7 million (of which approximately \$21.4 million relates to stamp duty costs). • **Additional ongoing costs for HomeCo Daily Needs REIT associated with being a separately listed entity**: HomeCo Daily Needs REIT will be a separately listed entity on the ASX, which will involve additional corporate costs. • **Dilution of Securityholders**: Securityholder interests in HomeCo will remain unchanged; however their interest in HomeCo Daily Needs	Section 3.6

QUESTION	ANSWER	REFERENCE
	REIT may be diluted following completion of the Offer.	
What are the main risks of the Proposal?	• **Ongoing relationship**: In performing the role of Investment Manager and Property Manager, it is anticipated that HomeCo and HomeCo Daily Needs REIT may act with separate commercial objectives in their dealings in the future. The relevant arrangements are long term in nature. It can be assumed that HomeCo and HomeCo Daily Needs REIT will act in their respective best interests over the term of the arrangements which increases the prospects that commercial interests may diverge and disputes may occur over time. • **HomeCo's credit profile may change**: Following the implementation of the Proposal, HomeCo will continue to maintain a diversified revenue base, stable cash flows and capital management discipline. However, the Group's net assets will be reduced by approximately $208 million (reflecting a decrease in 100% owned assets by $584 million, net debt being reduced by approximately $205 million and the inclusion of HomeCo's 27% co-investment stake in HomeCo Daily Needs REIT valued at approximately $171 million). The asset base reduction will result in lower rental income for HomeCo, but its gearing will not be adversely impacted. The reduction in debt will reduce the ongoing interest costs for HomeCo. Any change of HomeCo's credit profile may affect HomeCo's access to, and cost of, debt. • **Possible adverse stamp duty consequences of the Proposal**: HomeCo has sought stamp duty exemptions in NSW and Western Australia and stamp duty concession in Victoria on the transfer of assets from the Home Consortium Property Trust to HomeCo Daily Needs REIT. If the applicability of those exemptions or concession were denied or withdrawn, that may result in unexpected costs being imposed on HomeCo Daily Needs REIT and those costs may be significant because the stamp duty on transfers of real estate is up to a general rate of 5.5% of the value of the real estate and tangible assets. Queensland stamp duty (calculated at a general rate of 5.75% on the value of the real estate and tangible assets) is payable on the transfer of assets located in Queensland from the Home Consortium Property Trust to HomeCo Daily Needs REIT and no stamp duty exemption is available. Victorian stamp duty will be payable on the listing of HomeCo Daily Needs REIT (i.e. when all of its units are quoted on the ASX), calculated at a rate of 0.55% on the value of the real estate and potentially fixed assets owned by third party tenants in Victoria.	Section 3.7

QUESTION	ANSWER	REFERENCE
	• **Possible adverse accounting and taxation impacts:** The Proposal may result in non-cash movements in the carrying value of assets held by HomeCo, including deferred tax assets, which may impact upon FY21 net profit and the ability of HomeCo to utilise its existing franking credits balance to declare franked dividends. • **Possible adverse taxation consequences of the Proposal**: The Proposal may have potential tax implications for Securityholders. These implications will differ depending on the individual circumstances of the Securityholder. The material Australian income taxation consequences of the Proposal for Securityholders are set out in Section 7. • **Market price of Securities**: It is not possible to predict the market price of Securities or Units following implementation of the Proposal and the combined market value of HomeCo and HomeCo Daily Needs REIT may be lower than the current market value of Securities in HomeCo. • **Damage to the HomeCo brand**: HomeCo Daily Needs REIT will use the “HomeCo” trademark in its company, business and domain names while the Responsible Entity is controlled by HomeCo. There is a risk that activities of HomeCo Daily Needs REIT (including litigation, disputes and its general business conduct) during that time may adversely affect the value and reputation of HomeCo. Further risks are set out in Section 3.7.	
What will the relationship be between HomeCo and HomeCo Daily Needs REIT after the Proposal?	Following the Proposal, the HomeCo Group will maintain an ongoing relationship with HomeCo Daily Needs REIT with regard to the following: • the Responsible Entity, HMC Funds Management Limited, is a wholly owned subsidiary of HomeCo, and the properties in HomeCo Daily Needs REIT's portfolio will be HomeCo branded centres; • two HomeCo directors, David Di Pilla and Greg Hayes, will be directors of the Responsible Entity; • HomeCo, through the Investment Manager and Property Manager, will provide investment and property management services to HomeCo Daily Needs REIT; • HomeCo will maintain an investment in HomeCo Daily Needs REIT and following implementation of the Proposal will have an investment of approximately 27% of Units on issue; and • HomeCo will enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held on Completion for one year.	Section 4.1

QUESTION	ANSWER	REFERENCE
What income will HomeCo receive from HomeCo Daily Needs REIT?	All the costs and fees payable to the Managers under the Management Agreements will be paid out of HomeCo Daily Needs REIT. Amongst others, the Managers are entitled to a base management fee, property management fees and leasing fees. **Investment management fee** The Investment Manager's fee will be 0.65% per annum of Gross Asset Value (**GAV**) (before GST) on GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. **Property management fee** The Property Manager is entitled to receive property management fees for performing property management services in relation to the Properties, whether direct or indirect (including through sub trusts). In most instances, property management fees are recoverable from tenants through outgoings. **Leasing fees** The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager). Where a third party leasing agent is engaged by the Property Manager to perform these functions, the Property Manager will not receive a leasing fee. **Acquisition fees** The Investment Manager is entitled to receive 1.00% of the acquisition price and 0.50% of the disposal price of any transaction undertaken by HomeCo Daily Needs REIT. There will be no acquisition fees payable on Properties in the Portfolio acquired from HomeCo (including Acquisitions). **Development management fees** The Property Manager is entitled to receive property development management fees, including project capital expenditure costs and all costs pertaining to the developments, of: • 5.00% on the first $2.5 million of project costs; and • 3.00% on all project costs above $2.5 million. If a Management Agreement is terminated, including because HMC Funds Management Limited ceases to be the responsible entity of HomeCo Daily Needs REIT, a compensation amount is payable to the Manager and the above fees (other than those accrued for the period prior to termination) would no longer be payable.	Sections 4.8, 9.2 and 9.3
What distributions can I expect from HomeCo and HomeCo Daily Needs REIT in 2021?	For the 6 months to 30 June 2021, the distributions for HomeCo and HomeCo Daily Needs REIT are expected to comprise: • 5.6 cents per HomeCo stapled security; and • 3.6 cents per unit in HomeCo Daily Needs REIT.	Section 6.9

QUESTION	ANSWER	REFERENCE
	HomeCo's dividend policy after the implementation of the Proposal will be to target a normalised payout ratio in the range of between 80% and 100% of HomeCo's FFO once the Portfolio is fully stabilised. A payout ratio at the lower end of this range may be adopted in circumstances where HomeCo has identified value-accretive investment opportunities including, among other things, brownfield developments and acquisitions. HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised. The first distribution is expected to be a pro rata amount based on the period between Completion Date and 31 March 2021. The board of the Responsible Entity retains the discretion to amend the distribution policy. Distributions from HomeCo Daily Needs REIT are intended to be paid quarterly with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December each year.	
Who will receive Units under the Capital Distribution?	Each eligible Securityholder with a registered holding of Securities on the Capital Distribution Record Date, being 7.00pm (Sydney time) on Tuesday, 24 November 2020. No action is required on the part of eligible Securityholders. No application form is required and no money needs to be paid.	Section 3.1
What happens if I am not an Australian or New Zealand Securityholder?	The transfer of Units to Securityholders pursuant to the Capital Distribution who do not have a registered address in Australia or New Zealand will be subject to legal and regulatory requirements in the relevant overseas jurisdiction. If the requirements of any jurisdiction where a Securityholder is resident are held to restrict or prohibit the distribution of Units as proposed or would impose on HomeCo an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on HomeCo an undue burden, the Units that would otherwise be transferred to the relevant Securityholder will be issued to a sale agent, who will sell those Units and the proceeds (net of costs and any withholding tax) will be remitted to such Securityholder.	Section 9.11
What will Securityholders receive under the Capital Distribution if the Proposal proceeds?	1 Unit for every 2 Securities held on the Capital Distribution Record Date, being 24 November 2020 (rounded down to the nearest whole number of Units).	Section 3.1
Can I get more Units?	You can also apply for more Units under the Offer. Further information regarding the Offer can be found in the PDS.	See the PDS

QUESTION	ANSWER	REFERENCE
Will I need to make any payment to participate in the Proposal?	No. However, if you wish to participate in the Offer to purchase more Units, you will need to pay the Offer Price for those Units.	Section 3.1
Can I choose to receive cash instead of Units?	No. However, it is expected that Units will be quoted on ASX and freely tradeable.	Section 3.1
What happens if the Proposal does not proceed?	• HomeCo will continue to operate as it does now. • The benefits of the Proposal will not be realised. • Ownership of the Portfolio will not change. • Units will not be distributed. • The Offer will not take place. • HomeCo will incur transaction costs of approximately $5.2 million. • The disadvantages and risks of the Proposal will not arise.	Section 3.8
Do I have to provide my Tax File Number (TFN) or Australian Business Number (ABN) to participate in the Proposal?	No. However, if you are an Australian resident then unless you provide your TFN or where relevant, ABN, to HomeCo Daily Needs REIT, tax may be deducted from distributions that HomeCo Daily Needs REIT pays to you. HomeCo proposes to provide the TFN and ABN information it has to HomeCo Daily Needs REIT on behalf of Securityholders.	Section 9.12
HomeCo after establishment of HomeCo Daily Needs REIT		
What will HomeCo look like if the Proposal proceeds?	HomeCo will continue to be an owner, manager and developer of diversified property investments with income streams across rental income, co-investments and management fees. HomeCo and its controlled entities will continue to own interests in the same portfolio of assets (less the assets acquired by HomeCo Daily Needs REIT) as it did before implementing the Proposal, which will be a geographically diverse portfolio of 16 operating assets and 6 development projects with a fair value of $616 million.[1] HomeCo is expected to retain approximately a 27% investment in HomeCo Daily Needs REIT upon implementation of the Proposal and is therefore aligned to the REIT's performance. The Proposal progresses HomeCo towards a capital light model with diversified income streams across rental income, co-investments and management fees. The Proposal establishes a platform for HomeCo to unlock additional value and growth through capital recycling and ongoing management fee streams from assets under management.	Section 4

[1] Includes excess land at Richlands.

QUESTION	ANSWER	REFERENCE
	Further information on HomeCo Daily Needs REIT can be found in the PDS.	
Will HomeCo's strategy change if the Proposal is implemented?	No. HomeCo will continue as an owner, manager and developer of diversified property investments with income streams across rental income, co-investments and management fees.	Section 4.2
Will the Board and management change if the Proposal is implemented?	No. The Board will continue to be constituted by the HomeCo directors appointed prior to implementation of the Proposal, in addition to the proposed appointment of Kelly O'Dwyer as an Independent Non-Executive Director.	Section 4.5
HomeCo Daily Needs REIT		
What will HomeCo Daily Needs REIT look like if the Proposal proceeds?	HomeCo Daily Needs REIT will be an Australian real estate investment trust listed on the ASX with a mandate to invest in predominately metro-located, convenience based assets, across the target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services. Upon Completion, HomeCo Daily Needs REIT's portfolio will consist of 15 stabilised, convenience focused assets, with a further 2 properties under development. Each operating centre will be anchored by leading brands backed by some of Australia's most successful retail organisations including predominately national retailers. HMC Funds Management Limited, a wholly owned subsidiary of HomeCo, will be the responsible entity of HomeCo Daily Needs REIT (**Responsible Entity**). The Responsible Entity has the primary responsibility for the governance and operation of HomeCo Daily Needs REIT.	Section 6
What will HomeCo Daily Needs REIT's objective be?	HomeCo Daily Needs REIT's objective is to provide Unitholders with exposure to a portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions.	Section 6.3
What will HomeCo Daily Needs REIT's strategy be?	HomeCo Daily Needs REIT intends to achieve its objectives by pursuing some or all of the following activities in delivering its strategy: • maintaining high quality and defensive exposure across target sub-sectors (neighbourhood, large format retail and health & services), tenants and geographies; • employing a model portfolio construction informed by long term historical returns across sub-sectors; • pursuing consolidation opportunities across target sectors; and • maintaining an appropriate capital structure.	Section 6.3
What governance arrangements apply to HomeCo Daily Needs REIT	The board of the Responsible Entity will comprise non-executive directors, the majority of whom will be considered independent for the purposes of the ASX	Sections 6.10 to 6.12

QUESTION	ANSWER	REFERENCE
after implementation of the Proposal?	Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition, February 2019) and independent of HomeCo. The Responsible Entity has responsibility for the governance and oversight of operations of HomeCo Daily Needs REIT. The Responsible Entity has appointed the Property Manager and Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to HomeCo Daily Needs REIT under the Management Agreements	
When will Units commence trading on ASX?	It is expected that the Units will commence trading on ASX on or about 23 November 2020 on a conditional and deferred settlement basis. It is expected that Units will commence trading on ASX on a normal settlement basis on or about 30 November 2020.	Important Dates
Meeting and Securityholder approval		
When is the Meeting?	10.30am (Sydney time) on Wednesday, 18 November 2020. Due to COVID-19 restrictions, physical attendance at the Meeting will not be possible. Instead, Securityholders will have the opportunity to be present virtually via a live webcast which can be accessed at https://agmlive.link/HMC2022.	Important Dates
Who can vote at the Meeting?	Securityholders who are registered holders of Securities as at 16 November 2020 at 7.00pm (Sydney time).	Section 8.2
How do I vote?	Securityholders may lodge a direct vote or appoint a proxy online at www.linkmarketservices.com.au or by submitting a voting form to the share registry. Your votes must be received by no later than 10.30am (Sydney time) on 16 November 2020. You can also lodge a vote in real time (and ask questions) by attending the Meeting virtually at https://agmlive.link/HMC2022.	Section 2.2
How do I vote by proxy?	A Proxy Form is included with this Explanatory Memorandum. Your Meeting Proxy Form must be completed and received no later than 10.30am (Sydney time) on 16 November 2020.	Section 2.2
What happens if I do not vote?	If the Capital Distribution Resolution is approved, then the Proposal will be binding on all Securityholders.	Section 8.2
What is the Capital Distribution Resolution?	The Capital Distribution Resolution seeks Securityholder approval to enable HomeCo to reduce its capital by the distribution of specific assets to Securityholders, being approximately 129 million ordinary units in HomeCo Daily Needs REIT. The Capital Distribution involves a reduction of capital by way of an in specie distribution to Securityholders of one	Section 8.1

QUESTION	ANSWER	REFERENCE
	Unit for every two Securities held by such Securityholder as at the Capital Distribution Record Date (rounded down to the nearest whole number of Units).	
What is the approval threshold for the Capital Distribution Resolution?	50% of the votes cast on the Capital Distribution Resolution.	Section 8.2
Details of the Offer		
What is the Offer?	The Offer is made by HomeCo Daily Needs REIT and is an initial public offering under which the Responsible Entity is offering to issue approximately 226 million Units at the Offer Price of $1.33 per Unit, raising proceeds of approximately $300 million.	See the PDS.
What will the Offer proceeds be used for?	Proceeds from the Offer will be used to fund the acquisition of three new properties by HomeCo Daily Needs REIT, being Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre (QLD). The Offer proceeds will also be used to fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook, provide HomeCo Daily Needs REIT with working capital, fund the transaction costs associated with the Proposal and provide balance sheet capacity to take advantage of acquisition and development opportunities.	See the PDS.
How can I apply under the Offer?	Further information regarding the Offer can be found in the PDS.	See the PDS.
Can the Offer be withdrawn?	Yes. HomeCo Daily Needs REIT reserves the right to withdraw the Offer at any time.	See the PDS.
Is the Offer underwritten?	The Offer is fully underwritten on the terms and conditions of an underwriting agreement which is summarised in the PDS. The Capital Distribution is not underwritten and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.	See the PDS.
Where can I find information on the Offer?	Refer to the PDS.	See the PDS.
Further information		
How can further information be obtained?	Call the HomeCo Securityholder Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays).	

2. WHAT YOU NEED TO DO

2.1 Carefully read this Explanatory Memorandum and the PDS

You should read this Explanatory Memorandum, the Notice of Meeting and the PDS in full before making any decision on how to vote on the Capital Distribution Resolution required to implement the Proposal. You should also read the PDS in full before deciding whether or not to participate in the Offer.

There are answers to some questions you may have in the Questions and Answers section of this Explanatory Memorandum and the PDS. If you have any further questions, you can call the HomeCo Securityholder Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays). If necessary, you should seek your own independent advice on any aspect about which you are not certain.

2.2 Vote at the Meeting

Securityholders will be eligible to vote at the Meeting if they are registered holders of Securities as at 16 November 2020 at 7.00pm (Sydney time).

Due to COVID-19 restrictions, physical attendance at the Meeting will not be possible. However, Securityholders will have the opportunity to be present virtually via a live webcast and will be able to vote electronically via an online platform (including lodging a vote in real time and asking questions online). You can access the platform at https://agmlive.link/HMC2022. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

Alternatively, Securityholders may lodge a direct vote or appoint a proxy online at www.linkmarketservices.com.au or by submitting a voting form to the Registry. Please note that your votes need to be received by no later than 10.30am (Sydney time) on 16 November 2020. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

The vote on the Capital Distribution Resolution will be conducted by way of a poll. Securityholders have one vote for each Security they hold.

You may also appoint an attorney or, in the case of a company, a corporate representative, to vote on your behalf. For those persons participating as an attorney, the instrument effecting the appointment must be received by HomeCo at its registered office or by the Registry by no later than 10.30am (Sydney time) on 16 November 2020. Those persons participating as a corporate representative must provide satisfactory evidence of their appointment including any authority under which that appointment is signed (unless previously given to HomeCo).

Further information on the procedure for voting at the Meeting is set out in the Notice.

2.3 Participate in the Capital Distribution

If you wish to participate in the Capital Distribution of Units you will need to ensure that you do not sell your Securities prior to the Capital Distribution Record Date, being 7.00pm (Sydney time) on 24 November 2020.

Otherwise you do not need to do anything to participate in the Capital Distribution. You do not need to complete an application form.

The first day you can trade the Units that you will receive through the Capital Distribution is 23 November 2020 on a conditional and deferred basis. On this day, the Capital Distribution Record Date will not yet have occurred, and you will not have received your holding statement which sets out the number of Units you hold. If you trade your Units on ASX in this period you do so at your own risk.

Holding statements are expected to be despatched on 27 November 2020 and you should receive your holding statement in the subsequent days.

3. DETAILS OF THE PROPOSAL

3.1 Overview

HomeCo is proposing to establish HomeCo Daily Needs REIT(ARSN 645 086 620), a new ASX listed real estate investment trust that will acquire 15 stabilised, convenience focused assets and 2 centres under development from HomeCo.

HMC Funds Management Limited (ACN 105 078 635, AFSL 237257), a wholly owned subsidiary of HomeCo will be the Responsible Entity of HomeCo Daily Needs REIT.

It is proposed that HomeCo Daily Needs REIT will be established through a capital reduction of HomeCo and effected via a distribution in specie of ordinary units in the REIT (**Units**) to Securityholders on the basis of 1 Unit for every 2 Securities held as at the Capital Distribution Record Date (rounded down to the nearest whole number of Units) (**Capital Distribution**). The Capital Distribution will result in the transfer of approximately 129 million Units to Securityholders. Securityholders are not required to make any cash payment in connection with the Capital Distribution.

As a result of the proposal, HomeCo as it currently exists will become two separate vehicles with different investment attributes and characteristics:

- **HomeCo Daily Needs REIT**: 100% owned Portfolio of stabilised, predominately metro-located, convenience based assets targeting consistent and growing distributions; and
- **HomeCo**: owner, developer and manager of diversified property investments.

Concurrent with the Proposal, the Responsible Entity is making an offering of approximately 226 million new Units to raise proceeds of approximately $300 million (**Offer**). Proceeds from the Offer will be used to fund the acquisition of three new properties by HomeCo Daily Needs REIT: Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre (QLD). The Offer proceeds will also be used to fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook, provide HomeCo Daily Needs REIT with working capital, fund the transaction costs associated with the Proposal and provide balance sheet capacity to take advantage of acquisition and development opportunities.

The Proposal is conditional on the approval of the Capital Distribution Resolution at the Meeting on 18 November 2020 and, if approved, is expected to be implemented on or about 26 November 2020 by way of the Capital Distribution and by the Offer.

If the Proposal is implemented, HomeCo will continue to be listed and trade on ASX under the ticker "HMC", while HomeCo Daily Needs REIT will be listed and traded separately on ASX under the ticker "HDN".

3.2 Background and rationale

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. Since the acquisition, HomeCo has successfully redeveloped 26 centres across 300,000sqm of GLA, making it one of the largest retail property developers in the country. The successful repositioning of the portfolio has been underpinned by HomeCo's strategy to focus on hyper-convenience and predominately national retailers spanning daily needs, leisure & lifestyle and services enterprises.

In October 2019, HomeCo listed on the ASX under the ticker "HMC". The listing enabled HomeCo to raise additional capital to continue to unlock value and growth through development and strategic acquisitions consistent with HomeCo's stated 'Own, Develop and Manage' strategy.

HomeCo's strong financial and operating performance since listing has provided Securityholders with solid total returns. Since listing, HomeCo has delivered a total securityholder return of 11.0%, outperforming the ASX 200 and ASX 200 A-REIT index by 13.5% and 23.4%, respectively over the same period[2].

Despite the global pandemic, HomeCo exceeded its prospectus FFO forecast for the year ending 30 June 2020, reflecting HomeCo's proactive response and strategy to mitigate the impacts of COVID-19 on the business and the resilient performance of its asset and tenant base.

HomeCo announced at its full-year result for the 2020 financial year that total assets increased by 30% to $1,200 million versus the portfolio at the time of its initial public offering. Following the recent acquisitions of Glenmore Park Town Centre and Gregory Hills Town Centre in Western Sydney and Coomera City Centre on the Gold Coast, assets under management has increased by 60% since listing to $1,476 million.[3]

The substantial growth in HomeCo's asset base and scale provides the foundation for the next phase of HomeCo's 'Own, Develop and Manage' strategy. The Capital Distribution establishes the platform for HomeCo to unlock additional value and growth through further capital recycling and progresses HomeCo towards a capital light model with diversified income streams.

Consistent with this strategy, HomeCo is progressing plans to introduce new external capital into a healthcare & wellness fund (known as **HealthCo**) to facilitate further investment both within and outside of the existing portfolio. It is intended that HealthCo will be seeded with a selection of existing healthcare & wellness assets value at ~$150 million currently on HomeCo's balance sheet.

The Board believes the establishment of HomeCo Daily Needs REIT creates an opportunity for investors to gain exposure to a vehicle focused on investing in modern, stabilised convenience based assets located in predominately metropolitan markets targeting consistent and growing distributions.

Furthermore, the Proposal will provide both HomeCo and HomeCo Daily Needs REIT with a capital structure and investor base appropriate for their respective strategies, income streams and the assets they will own after the Proposal is implemented.

Accordingly, the Proposal is expected, over time, to create greater value for Securityholders than the current structure.

3.3 Directors' recommendation

The Directors unanimously believe for the reasons set out in Section 3.2 that the benefits of the Proposal outweigh its disadvantages and risks. In the Directors' opinion, the Proposal is in the best interests of Securityholders.

Each Director recommends that Securityholders vote in favour of the Capital Distribution Resolution proposed for consideration at the Meeting. Each Director eligible to vote intends to vote all the Securities he or she holds or are controlled by him or her in favour of the Capital Distribution Resolution.

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[2] As at 14 October 2020.

[3] For HomeCo Daily Needs REIT, Assets Under Management includes investment properties, other assets held for sale, rental guarantees, the option relating to the property in Vincentia, and is net of lease liabilities.

3.4 Implementation of the Proposal

To implement the Proposal, the following key steps will take place:

- **Establishment of HomeCo Daily Needs REIT**: HomeCo has established and registered HomeCo Daily Needs REIT as a managed investment scheme and the relevant trusts and companies involved in the Proposal. HomeCo Daily Needs REIT has also signed a binding commitment letter with a syndicate of lenders for a new senior secured syndicated Debt Facility totalling $400 million;
- **Securityholder approval**: The Meeting will be held to consider the Capital Distribution Resolution. The approval of the Capital Distribution Resolution must be passed by ordinary resolution of Securityholders for the Proposal to proceed. If the Capital Distribution Resolution is not approved by the requisite majority of Securityholders, the Proposal will not proceed;
- **Acquisition of the Portfolio**: If the Proposal is approved, HomeCo Daily Needs REIT will acquire the portfolio of assets from HomeCo in accordance with a number of acquisition agreements and the Implementation Deed (refer to Section 9 for a summary of these agreements). Total consideration of $584 million is payable by HomeCo Daily Needs REIT for the acquisition of the portfolio of assets (**Purchase Consideration**), which will be offset through the assignment of receivables from HomeCo to HomeCo Daily Needs REIT;
- **Capital Distribution**: HomeCo will then distribute approximately 129 million Units by way of an in specie distribution to eligible Securityholders who are registered holders of Securities on the Capital Distribution Record Date through the Capital Distribution. The Capital Distribution will be on a pro rata basis with each Securityholder receiving 1 Unit for every 2 Securities held on the Capital Distribution Record Date; and
- **Offer and admission**: HomeCo Daily Needs REIT is undertaking an offer of new Units to the public in Australia and New Zealand and institutional investors in certain other jurisdictions pursuant to the PDS (**Offer**), and will seek admission of the REIT to the official list of ASX and quotation of the Units. The Offer is expected to raise proceeds of approximately $300 million. Further information regarding the Offer can be found in the PDS.

3.5 Benefits of the Proposal

The Board believes that the Proposal is expected to provide a number of advantages to Securityholders. The main advantages include:

- **Providing the foundation for the next phase of HomeCo's 'Own, Develop and Manage' strategy**: The establishment of HomeCo Daily Needs REIT creates new income streams for HomeCo and greater potential to further leverage its capital base to grow assets under management, thereby unlocking additional value and growth for Securityholders. HomeCo is currently progressing plans to introduce new external capital into HealthCo to facilitate further investment both within and outside of the existing portfolio. By recycling capital from 100% owned assets into co-investments where HomeCo receives management fees, HomeCo sees potential to generate higher earnings without raising additional capital.

- **Enabling Securityholders to retain exposure to HomeCo Daily Needs REIT's portfolio**: HomeCo believes HomeCo Daily Needs REIT's portfolio will deliver attractive investment returns with relatively low levels of correlation to traditional retail and property sectors. Rather than seek to sell to a third party, HomeCo believes it is in Securityholders' best interests to be given the opportunity to retain their ownership of the assets through an investment in HomeCo Daily Needs REIT. Furthermore, HomeCo sees potential for HomeCo Daily Needs REIT to capitalise on growth opportunities to further enhance risk adjusted returns for Securityholders through greater diversification and scale.

- **Increasing investor choice**: By establishing two distinct ASX listed vehicles with different investment attributes, existing Securityholders will have the flexibility to consider HomeCo and HomeCo Daily Needs REIT as standalone entities and to adjust their level of investment in each accordingly. HomeCo Daily Needs REIT will provide exposure to a stabilised portfolio of convenience focused assets targeting consistent and growing distributions. HomeCo's strategy will see it continue to transition towards a capital light model with diversified sources of income including a growing exposure to funds management income over time.

- **Facilitating more differentiated capital management**: HomeCo and HomeCo Daily Needs REIT will have the flexibility to further differentiate their capital structures and distribution policies to appropriately reflect their different financial, operational and strategic objectives. Due to the high quality and stable nature of HomeCo Daily Needs REIT's cash flows, HomeCo Daily Needs REIT is expected to be in a position to maintain a higher payout ratio compared to HomeCo which is expected to have an increased growth focus.

- **100% tax deferred distributions in FY21**: Securityholders will benefit from HomeCo Daily Needs REIT's modern portfolio which has relatively high levels of depreciation which can be passed on through tax deferred distributions. This benefit is not currently available to Securityholders in HomeCo's current structure. Distributions from HomeCo Daily Needs REIT are expected to be 100% tax deferred in FY21.

- **Reducing gearing in HomeCo**: HomeCo's gearing will be reduced from balance sheet gearing of 32% to look-through gearing of 29% following the Proposal, providing additional capacity to fund value and earnings accretive investment opportunities.

The Board believes that, if the Proposal is implemented, the combined value of HomeCo and HomeCo Daily Needs REIT is expected, over time, to be greater than the value of HomeCo on a standalone basis, resulting in increased value for current Securityholders.

3.6 Disadvantages of the Proposal

There are a number of disadvantages associated with the Proposal which you should take into account in deciding how to vote. The main disadvantages include:

- **Transaction and implementation costs**: Total transaction costs of the Proposal are expected to be approximately $44.7 million on a pre-tax basis (of which approximately $21.4 million relates to stamp duty and land transfer fees).

- **Additional ongoing costs for HomeCo Daily Needs REIT associated with being a separately listed entity**: HomeCo Daily Needs REIT will be a separately listed entity on the ASX, which will involve additional corporate costs.

- **Dilution of Securityholders**: Securityholder interests in HomeCo will remain unchanged; however their interest in HomeCo Daily Needs REIT may be diluted following completion of the Offer.

3.7 Risks of the Proposal

The main risks of the Proposal are:

- **Ongoing relationship between HomeCo and HomeCo Daily Needs REIT**: In performing the role of Investment Manager and Property Manager, it is anticipated that HomeCo and HomeCo Daily Needs REIT will act with separate commercial objectives in their dealings in the future. The relevant arrangements are long term in nature. It can be assumed that HomeCo and HomeCo Daily Needs REIT will act in their respective best interests over the term of the arrangements which increases the prospects that commercial interests may diverge and disputes may occur over time.

- **HomeCo's credit profile may change**: Following the implementation of the Proposal, HomeCo will continue to maintain a diversified revenue base, stable cash flows and capital management discipline. However, the Group's net assets will be reduced by approximately $208 million (reflecting a decrease in 100% owned assets by $584 million, net debt being reduced by approximately $205 million and the inclusion of HomeCo's 27% co-investment stake in HomeCo Daily Needs REIT valued at approximately $171 million). The asset base reduction will result in lower rental income for HomeCo, but its gearing will not be adversely impacted. The reduction in debt will reduce the ongoing interest costs for HomeCo. Any change of HomeCo's credit profile may affect HomeCo's access to, and cost of, debt. The proposed restructure of the securities granted to Woolworths is expected to assist HomeCo's credit profile as well.
- **Possible adverse stamp duty consequences of the Proposal**: HomeCo has sought stamp duty exemptions in New South Wales and Western Australia and stamp duty concession in Victoria on the transfer of assets from the Home Consortium Property Trust to HomeCo Daily Needs REIT. If the applicability of those exemptions or concessions were denied or withdrawn, that may result in unexpected costs being imposed on HomeCo Daily Needs REIT and those costs may be significant because the stamp duty on transfers of real estate is up to a general rate of 5.5% of the value of the real estate and tangible assets. Queensland stamp duty (calculated at a general rate of 5.75% on the value of the real estate and tangible assets) is payable on the transfer of assets located in Queensland from the Home Consortium Property Trust to HomeCo Daily Needs REIT and no stamp duty exemption is available. Victorian stamp duty will be payable on the listing of HomeCo Daily Needs REIT (i.e. when all of its units are quoted on the ASX), calculated at a rate of 0.55% on the value of the real estate and potentially fixed assets owned by third party tenants in Victoria.
- **Possible adverse accounting and taxation impacts of the Proposal:** The Proposal may result in non-cash movements in the carrying value of assets held by HomeCo, including deferred tax assets, which may impact upon FY21 net profit and the ability of HomeCo to utilise its existing franking credits balance to declare franked dividends.
- **Possible adverse taxation consequences of the Proposal**: The Proposal may have potential tax implications for Securityholders. These implications will differ depending on the individual circumstances of the Securityholder. The material Australian income taxation consequences of the Proposal for Securityholders are set out in Section 7.
- **Market price of Securities**: The Board believes that implementation of the Proposal is in the best interests of, and will over time create long term value for, Securityholders. However, it is not possible to predict the market price of Securities or Units following implementation of the Proposal and the combined market value of HomeCo and HomeCo Daily Needs REIT may be lower than the current market value of Securities in HomeCo. The voluntary escrow arrangements that are in place over Securities and Units may also impact the liquidity of HomeCo Securities and HomeCo Daily Needs REIT Units and thereby their market value.
- **Damage to the HomeCo brand**: HomeCo Daily Needs REIT will use the "HomeCo" trademark in its company, business and domain names while the responsible entity is controlled by HomeCo. There is a risk that activities of HomeCo Daily Needs REIT (including litigation, disputes and its general business conduct) during that time may adversely affect the value and reputation of HomeCo.
- **HomeCo exposure through the Responsible Entity**: The Responsible Entity is a wholly owned subsidiary of HomeCo. As such, HomeCo will be exposed to the extent the Responsible Entity incurs any liability for which it is not fully indemnified out of the assets of

HomeCo Daily Needs REIT in accordance with the constitution of HomeCo Daily Needs REIT.

- **Untested access to capital markets**: HomeCo Daily Needs REIT will have no operating history as a separately listed entity. As such, there can be no guarantee that HomeCo Daily Needs REIT will be able to access and raise capital, either at all or on reasonable terms, to meet its forecasts and strategy.

3.8 Implications if the Proposal does not proceed

If the Proposal does not proceed then:

- HomeCo will continue to operate as it does now;
- the benefits of the Proposal described in Section 3.5 will not be realised;
- HomeCo's ownership of the assets proposed to be contributed to HomeCo Daily Needs REIT will not change and Securityholders will continue to benefit from that ownership through HomeCo;
- Units will not be distributed to Securityholders under the Capital Distribution;
- HomeCo will not receive the Purchase Consideration for the assets proposed to be contributed to HomeCo Daily Needs REIT;
- the Offer will not take place; and
- the disadvantages and risks of the Proposal described in Sections 3.6 and 3.7 will not arise, except that HomeCo will incur transaction costs of approximately $5.2 million (out of an estimated $44.7 million in transaction costs if the Proposal had been implemented).

3.9 Alternatives considered

HomeCo has explored a range of alternatives before deciding to recommend the Proposal. The major alternatives that were available to HomeCo were:

- undertaking no transaction and maintaining HomeCo's current structure; and
- implementing the Proposal, but establishing HomeCo Daily Needs REIT with a different subset of properties

HomeCo assessed the Proposal and other alternatives against the objectives and strategy of HomeCo.

After careful consideration, HomeCo believes the Proposal best meets HomeCo's objectives whilst also progressing HomeCo's strategy, and therefore, is in the best interest of Securityholders.

4. HOMECO AFTER IMPLEMENTATION OF THE PROPOSAL

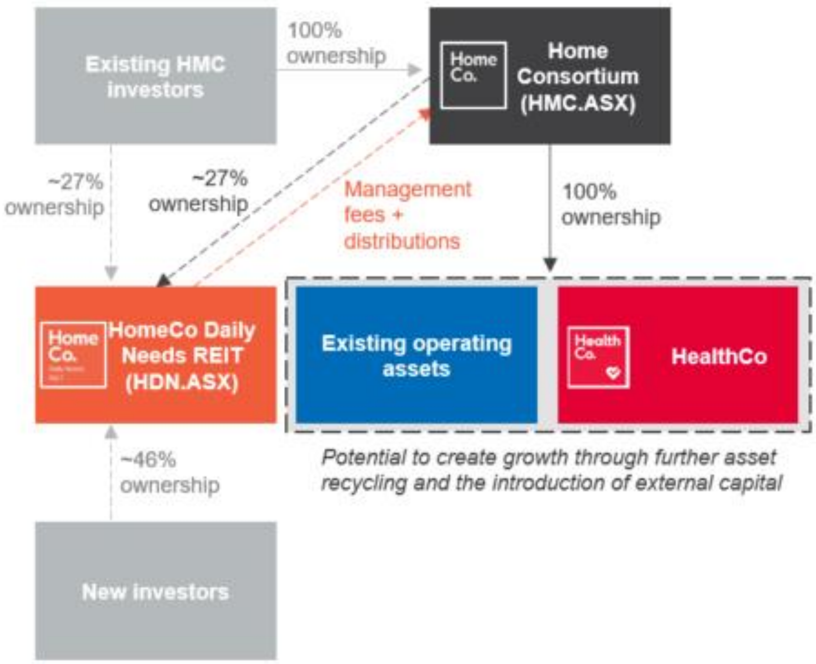
4.1 Overview and corporate structure

Following implementation of the Proposal, HomeCo will continue to be an owner, manager and developer of diversified property investments with income streams across rental income, co-investments and management fees. HomeCo's $1,476 million of assets under management will comprise of $616 million of assets which will remain on HomeCo's balance sheet and $860 million of assets in HomeCo Daily Needs REIT.

HomeCo's gearing will be reduced from balance sheet gearing of 32% to look-through gearing of 29% following the Proposal, providing additional capacity to fund value and earnings accretive investment opportunities.

HomeCo will remain structured as a stapled group comprising Home Consortium Limited (**HCL**) and Home Consortium Developments Limited (**HCDL**) and their controlled entities.

The diagram below depicts the corporate structure and property interests of each of HomeCo and HomeCo Daily Needs REIT following implementation of the Proposal:



HomeCo will maintain an ongoing relationship with HomeCo Daily Needs REIT with regard to the following:

- the Responsible Entity is a wholly owned subsidiary of HomeCo and the properties in the REIT's portfolio will be HomeCo branded centres;
- two HomeCo directors, David Di Pilla and Greg Hayes, will be directors of the Responsible Entity;
- HomeCo, through the Investment Manager and Property Manager, will provide investment and property management services to HomeCo Daily Needs REIT;

- HomeCo will maintain an investment in HomeCo Daily Needs REIT and following implementation of the Proposal will have an investment of approximately 27% of Units on issue; and

- HomeCo will enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held by it on Completion for one year.

In combination, these initiatives support strategic alignment between HomeCo and HomeCo Daily Needs REIT going forward.

4.2 Business plans and strategy

HomeCo's objective will continue to be to provide Securityholders with above average risk-adjusted returns through a combination of regular dividend and capital growth. HomeCo intends to achieve its objective by pursuing some or all of the following activities as appropriate:

- own, develop and manage a portfolio of properties that are anchored by quality tenants with long term leases;
- create an innovative retail and services property offering that resonates with tenants and consumers;
- capitalise on other value-accretive investment opportunities, including brownfield and greenfield developments and acquisitions;
- pursue future capital partnering and funds management initiatives to generate annuity style management fee income; and
- maintain an appropriate capital structure.

The establishment of HomeCo Daily Needs REIT is consistent with HomeCo's 'Own, Develop and Manage' strategy. It represents the foundation for the next stage for the Group by progressing HomeCo towards a more capital light model.

HomeCo will also continue the development of a healthcare & wellness fund (known as **HealthCo**). HomeCo intends to seed HealthCo with a selection of existing healthcare & wellness assets currently on balance sheet. As at 30 June 2020, HomeCo has exposure to over $150 million of existing seed assets with a significant development pipeline of healthcare & wellness opportunities. HomeCo continues to progress the development of HealthCo and planning is now well advanced with fund raising expected to commence in late 2020 or during 2021.

4.3 Dividends and distributions

On implementation of the Proposal, existing Securityholders will receive 1 Unit for every 2 Securities held as at the Capital Distribution Record Date (rounded down to the nearest whole number of Units). Securityholders are not required to pay any cash for the Units distributed via the Capital Distribution.

If the Proposal proceeds, for the 6 months to 30 June 2021, HomeCo is forecasting FFO of 5.6 cents and a dividend of 5.6 cents per Security.

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

HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised. It is intended that distributions will be paid to Unitholders quarterly. The first distribution is expected to be a pro rata amount based on the period between Completion Date and 31 March 2021.

As a result, the aggregate distribution for an existing Securityholder, owning 1 Security in HomeCo and 0.5 Units in HomeCo Daily Needs REIT, is forecast to be 7.4 cents for the 6 months to 30 June 2021.

4.4 Asset valuations and key metrics

Following implementation of the Proposal, HomeCo will continue to generate rental income from a portfolio consisting of 22 fully-owned assets (consisting of 16 operating assets and 6 development projects), with a total fair value of $616 million.[4]

The retained portfolio will be underpinned by leisure & lifestyle, homewares & electrical and healthcare & wellness services tenancies. Key features will include:

- significant national tenant exposure representing >90% of portfolio;[5]
- minimal exposure to speciality tenants which represent <2% of the portfolio[6]
- sustainable and resilient cash flows backed by long WALE of 7.5 years;[7]
- <2% of income expiring over next 18 months;[8] and
- sustainable average rental rate of $229 per sqm across the portfolio with fixed escalation and low levels of lease renewals over the next 5 years.

HomeCo's portfolio following Completion is summarised below:[9]

Asset	State	Classification	Total GLA	Site area (sqm)	Site Coverage	Trading occupancy	Occupancy (by area)	WALE (by income)	Fair value ($m)	Cap rate (%)
Box Hill	VIC	Operating	11,733	40,475	29.0%	90.7%	99.7%	9.9	48.5	6.75%
Knoxfield	VIC	Operating	13,495	43,400	31.1%	97.4%	97.4%	11.5	28.3	7.00%
South Morang	VIC	Operating	11,274	35,870	31.4%	90.8%	100.0%	6.6	31.8	7.00%
Bundall	QLD	Operating	10,244	16,450	62.3%	100.0%	100.0%	5.9	31.8	7.00%
Mackay	QLD	Operating	11,783	108,730	10.8%	100.0%	100.0%	5.9	26.2	7.50%
North Lakes	QLD	Operating	11,399	39,910	28.6%	81.0%	96.2%	7.7	36.0	6.75%
Upper Coomera	QLD	Operating	11,261	34,990	32.2%	89.0%	97.8%	8.0	45.3	6.50%
Morayfield	QLD	Operating	11,216	28,350	39.6%	90.8%	90.8%	7.0	27.3	7.00%
Toowoomba South	QLD	Operating	11,360	32,248	35.2%	97.1%	97.1%	6.8	28.5	7.25%
Lismore	NSW	Operating	8,807	34,750	25.3%	75.8%	75.8%	6.2	15.5	7.50%
Marsden Park	NSW	Operating	11,470	34,920	32.8%	100.0%	100.0%	5.9	52.0	6.25%
Rutherford	NSW	Operating	11,826	28,770	41.1%	94.1%	100.0%	6.9	23.2	7.25%
Coffs Harbour	NSW	Operating	10,162	24,270	41.9%	71.0%	100.0%	9.9	20.1	7.00%
Bathurst	NSW	Operating	16,252	52,050	31.2%	89.1%	89.1%	2.8	16.9	8.00%
Aurrum Erina	NSW	Operating	14,570	33,280	43.8%	100.0%	100.0%	10.0	32.6	6.75%
Rouse Hill	NSW	Operating	14,003	36,100	38.8%	100.0%	100.0%	7.7	54.0	6.25%

[4] Includes excess land at Richlands.
[5] By gross income across all Freehold assets.
[6] By gross income across all Freehold assets (as at 30 September 2020).
[7] Based on signed leases and MoUs across the Operating Portfolio.
[8] Based on signed leases and MoUs across freehold operating assets.
[9] Company filings as at 23 September 2020.

Asset	State	Classification	Total GLA	Site area (sqm)	Site Coverage	Trading occupancy	Occupancy (by area)	WALE (by income)	Fair value ($m)	Cap rate (%)
Springfield	QLD	Development	10,923	31,030	35.2%	nm	nm	nm	13.6	7.00%
Wagga Wagga	NSW	Development	15,487	41,310	37.5%	nm	nm	nm	15.7	8.00%
Cairns	QLD	Development	11,020	27,200	40.5%	nm	nm	nm	27.0	6.75%
St Marys	NSW	Development	13,303	31,860	41.8%	nm	nm	nm	15.1	6.25%
Roxburgh Park	VIC	Development	11,115	38,010	29.2%	nm	nm	nm	22.6	7.50%
Richlands (excess land)	QLD	Development	nm	14,040	nm	nm	nm	nm	4.0	nm
HMC (ex DNR) Portfolio			**252,702**	**808,013**	**32%**	**92%**	**97%**	**7.5**	**616**	**6.88%**
Operating portfolio			**190,854**	**624,563**	**31%**	**92%**	**97%**	**7.5**	**518**	**6.84%**
Development portfolio			**61,848**	**183,450**	**37%**	**nm**	**nm**	**nm**	**98**	**7.09%**

Notes:

1. Occupancy statistics exclude Development assets.
2. Portfolio site coverage ratio and cap rate calculations exclude Richlands.

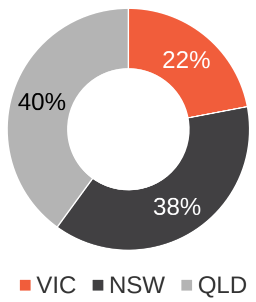
Portfolio statistics

Number of properties	22
Fair Value[1]	616
Weighted Average Capitalisation Rate (**WACR**)[2]	6.88%
Gross lettable area (GLA)	252,702
Site area	808,013
Site coverage ratio[3]	32%
Operating Portfolio Occupancy (by GLA)	97%
Weighted Average Lease Expiry (**WALE**) [4]	7.5
Average rental rate per sqm[5]	229
Exposure to specialty tenants[5]	<2%
National tenants[5]	90%
Income expiring in the next 18 months[5]	<2%

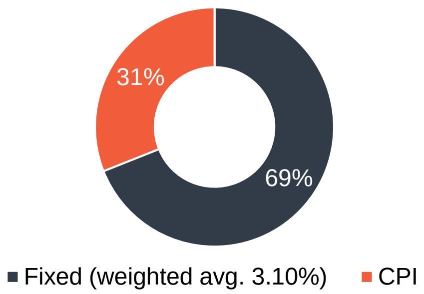
Notes:

1. Includes excess land at Richlands.
2. Weighted by property value.
3. Portfolio site coverage ratio and cap rate calculations exclude Richlands.
4. By gross income for signed leases and signed MoUs across Operating Portfolio.
5. By gross income for signed leases and signed MoUs across property portfolio.

Geographic breakdown (by gross passing income)



Rent review composition (by gross rent)



4.5 HomeCo Board

Following implementation of the Proposal, the Board will continue to be constituted by the HomeCo directors appointed prior to implementation of the Proposal. The Directors are as follows:

Director	Title
David Di Pilla	Executive Chairman and Chief Executive Officer
Christopher Saxon	Deputy Chairman and Lead Independent Non-Executive Director
Zac Fried	Non-Executive Director
Greg Hayes	Non-Executive Director
Jane McAloon	Independent Non-Executive Director
Brendon Gale	Independent Non-Executive Director

If Resolution 2 is passed at the Meeting, Kelly O'Dwyer will also become an Independent Non-Executive Director. It is proposed that Christopher Saxon become Independent Chairman on 1 January 2021.

4.6 Corporate Governance

The existing corporate governance arrangements for HomeCo will continue following implementation of the Proposal.

4.7 Ongoing relationship between HomeCo and HomeCo Daily Needs REIT

HomeCo and HomeCo Daily Needs REIT will have a continuing relationship after implementation of the Proposal and have entered into various agreements between them. These include the Investment Management Agreement and the Property Management Agreement, which are summarised in Sections 9.2 and 9.3.

In addition, HomeCo is expected to retain approximately a 27% investment in HomeCo Daily Needs REIT upon implementation of the Proposal. As such, while HomeCo will be aligned to the REIT's performance, HomeCo and its associates are likely to have the ability to determine (or have significant influence over) any resolution put to Unitholders, including a resolution to remove the Responsible Entity.

In performing its roles of responsible entity of the REIT, manager of all of the properties, property developer, and provider of corporate and other services, the interests of HomeCo and HomeCo Daily Needs REIT may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in the PDS, these agreements were negotiated between affiliated entities.

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. It is important for Securityholders and Unitholders to be able to assess whether the Responsible Entity takes an appropriate approach to related party transactions. Refer to section 5.7 of the PDS for details on HomeCo Daily Needs REIT's Conflicts of Interest and Related Party Policy and the procedures it has in place to manage conflicts of interest and related party transactions going forward.

4.8 Financial benefits to HomeCo

As Investment Manager and Property Manager of HomeCo Daily Needs REIT, HomeCo will generate funds management income for providing investment management, property management, leasing and development management services to the REIT as outlined in the Management Agreements.

HomeCo will continue to have exposure to HomeCo Daily Needs REIT's portfolio through its approximately 27% investment in HomeCo Daily Needs REIT which will provide HomeCo with regular investment income reflecting its proportionate share of FFO in the REIT.

For FY21, the financial benefits provided by HomeCo Daily Needs REIT to HomeCo arising from the arrangements described in Sections 9.2 and 9.3 which are quantifiable are set out in the table below.

The fees are long term in nature and the quantum of the fees payable to HomeCo in each year will be dependent on the gross asset value (**GAV**) of HomeCo Daily Needs REIT and activities in that year, particularly the level of annual gross income, leasing and property development activities.

4.9 Summary of management fees[1]

Investment Management Agreement

Management Fee	0.65% of the REIT's GAV up to $1.5 billion; 0.55% for the portion of the REIT's GAV greater than $1.5 billion.
Acquisition / Disposal Fee	1.00% of the purchase price of any assets and 0.50% of the disposal price of any sale.[2]
Termination Fee	2 years of management fees, calculated based on the consolidated GAV as at the date of equity or termination.

Property and Development Management Agreement

Property Management Fee	3.00% of the REIT's annual gross rental income.
Property Development Fee	5.00% of the project cost up to $2.5 million, and 3.00% of the project cost exceeding $2.5 million.
New Tenant Lease Fee	15.00% of the first year's rent.
Lease Renewal Fee	7.50% of the first year's rent.
Termination Fee	2 times the fees paid under the agreement in the 12 months up to the date of expiry or termination.

Note:
1. Excludes GST.
2. No acquisition fees charged on the three Acquisition properties, Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

5. FINANCIAL INFORMATION FOR SECURITYHOLDERS

5.1 Overview

This Section includes a summary of historical financial information and forecast financial information for HomeCo and summary financial information for HomeCo Daily Needs REIT. HomeCo and HomeCo Daily Needs REIT report on a financial year ending 30 June basis, and all figures within this Section are for years ending 30 June unless otherwise noted.

The historical financial information is extracted from HomeCo's audited financial statements. The Financial Information in this Section should be read in conjunction with the published financial statements, the PDS and any public announcements made by HomeCo which are available from: https://investors.home-co.com.au/investor-centre/.

HomeCo owns interests in hyper-convenience focused retail and services assets in Australia. As part of the Proposal, HomeCo will transfer a number of properties to HomeCo Daily Needs REIT. HomeCo Daily Needs REIT will be demerged from HomeCo via an in specie distribution to Securityholders. HomeCo Daily Needs REIT will concurrently undertake the Offer, which will reduce HomeCo's retained investment in HomeCo Daily Needs REIT to approximately 27%.

The pro forma Forecast Financial Information has been prepared on the basis that the Proposal will be implemented on 26 November 2020 (**Completion Date**).

The historical financial information of HomeCo comprises the pro forma historical statement of financial position as at 30 June 2020 reflecting the effect of the Proposal and other significant transactions, being the 30 June 2020 statement of financial position adjusted for the Proposal and other significant transactions as if they had occurred on 30 June 2020, as presented in Table 3 (**Pro Forma Historical Statement of Financial Position**).

The forecast financial Information of HomeCo comprises the forecast pro forma Funds From Operations (**FFO**) and distributions per Security and Unit for the period from the Completion Date to 30 June 2021, as presented in Table 1 (**Forecast Financial Information**).

The Pro Forma Historical Statement of Financial Position and Forecast Financial Information are collectively referred to as the **Financial Information.**

Also summarised in this Section are:

- summary pro forma key financial metrics for HomeCo and HomeCo Daily Needs REIT, as presented in Table 2;
- the basis of preparation and presentation of the Financial Information (refer to Section 5.2); and
- the best estimate assumptions underlying the Forecast Financial Information (refer to Section 5.5).

5.2 Basis of preparation and presentation of the Financial Information

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards (AAS), other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of the Proposal and other significant transactions as if they occurred on 30 June 2020.

The Forecast Financial Information has been prepared with reference to the best practice guidelines published by the Property Council of Australia in May 2019 in relation to the presentation of FFO.

Certain significant accounting policies relevant to the Financial Information are disclosed in Note 3 to the financial statements in HomeCo's 2020 Annual Report which has been lodged with ASIC and is available from https://investors.home-co.com.au/investor-centre/. The Financial Information is presented in an abbreviated form and does not contain all of the disclosure provided in an annual report in accordance with the Corporations Act.

Preparation of the Pro Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position has been extracted from the 30 June 2020 statement of financial position as per the audited financial statements of HomeCo for the year ended 30 June 2020, which were audited by PricewaterhouseCoopers and on which an unqualified opinion audit opinion was issued, and adjusted to reflect the impact of the following transactions as if they occurred on 30 June 2020:

- the equity raise and property acquisitions which occurred in July 2020, the impact of which was summarised in an investor presentation released by HomeCo on 26 August 2020;
- the proposed leasehold restructure which was also highlighted in the investor presentation released by HomeCo on 26 August 2020; and
- the Proposal, including the impact of the assets contributed to HomeCo Daily Needs REIT, cash received from HomeCo Daily Needs REIT, and the accounting for HomeCo's retained interest of approximately 27% in HomeCo Daily Needs REIT. HomeCo will recognise its retained interest in HomeCo Daily Needs REIT using the equity method of accounting.

Preparation of the Forecast Financial Information

The Forecast Financial Information has been based on the best estimate assumptions of the HomeCo Directors set out in Section 5.5. The Directors believe that they have prepared the Forecast Financial Information with due care and attention, and consider the best estimate assumptions to be reasonable at the time of preparing this Explanatory Memorandum.

The Forecast Financial Information has been compiled on the basis that the Proposal is implemented on the Completion Date and is pro forma for financing and other arrangements that Directors and management expect on the Completion Date.

The forecast pro forma FFO and distributions for the period from the Completion Date to 30 June 2021 have been prepared on the basis that the Proposal is implemented on the Completion Date. Those items which have a significant impact to HomeCo are described below:

- reduction in net property income following the contribution of assets to HomeCo Daily Needs REIT;
- co-investment income which reflects HomeCo's share of HomeCo Daily Needs REIT's forecast FFO earned from HomeCo's retained co-investment stake in HomeCo Daily Needs REIT;
- management fee income which is expected to be earned under the Management Agreements for the administration of HomeCo Daily Needs REIT; and
- the reduction in net debt of $205 million.

The user should be aware that the timing of actual events, future changes in the value of the underlying properties, movement in interest rates and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that any deviation from these assumptions may have a material positive or negative effect on HomeCo's actual financial performance or position.

5.3 Pro forma forecast FFO and distributions and summary key financial metrics

Table 1 presents the pro forma forecast FFO and distributions on a cents per security and unit basis from the Completion Date to 30 June 2021 for HomeCo and HomeCo Daily Needs REIT respectively.

Pro forma forecast FFO and distributions assume the Proposal is implemented on the Completion Date. At the Completion Date, each existing Securityholder will continue to own 1 stapled security in HomeCo and receive an in-specie distribution of 0.5 units in HomeCo Daily Needs REIT for every 1 existing Security owned.

Table 1: Pro forma forecast FFO and distributions

		Pro forma forecast – Completion Date to 30 June 2021[1]		
FFO[2] (cents per security / unit)	Months	1 HMC Security	0.5 HDN Units[3]	Existing HMC Securityholder
Completion Date to 31 December 2020	1	0.9	0.3	1.2
1 January to 30 June 2021	6	5.6	1.7	7.3
Total	**7**	**6.6**	**2.0**	**8.5**
Distributions (cents per security / unit)				
Completion Date to 31 December 2020	1	0.9	0.3	1.3
1 January to 30 June 2021	6	5.6	1.8	7.4
Total	**7**	**6.6**	**2.1**	**8.7**

Note: Numbers may not add due to rounding.

1. Pro forma FFO and distributions are presented on the basis the Proposal is implemented on the Completion Date (26 November 2020).
2. Excludes fair value adjustments, rental straight lining, amortisation of lease incentives, amortisation of debt establishment fees, movement in AASB 16 lease liabilities, and acquisition and transaction costs. HomeCo Daily Needs REIT FFO capitalises interest, property expenses and development management fees associated with the properties in Richlands and Ellenbrook whilst they are under development.
3. HomeCo Daily Needs REIT distributions are to be made quarterly with the first distribution expected to be paid in May 2021. It is expected to be a pro rata amount based on the period between the Completion Date and 31 March 2021. The distributions will be equal to a 5.5% yield on the Offer Price. Details (including major assumptions and sensitivities) of HomeCo Daily Needs REIT's forecast FFO and distributions in FY21 are set out in Section 6 of the PDS.

Table 2 presents a summary of the key financial metrics for HomeCo and HomeCo Daily Needs REIT before and after the Proposal on a 100% basis. Note that Securityholders will receive 0.5 Units for every 1 Security owned at the Capital Distribution Record Date, and therefore the summary financial metrics presented on a security and unit basis do not reflect the proportionate holdings of an existing Securityholder pro forma Completion.

Table 2: Pro forma key financial metrics

	Pro forma 30 June 2020[1]	Pro forma Completion	
Key financial metrics	HMC	HMC	HDN
Balance sheet gearing[2] (%)	32.4 %	23.5 %	26.2 %
Look through gearing[3] (%)	32.4 %	28.8 %	26.2 %
Assets Under Management[4] ($ million)	1,200	1,476	860
Total assets[5] ($ million)	1,200	786	860
Total borrowings ($ million)	389	184	224
Adjusted Net Tangible Assets[6] ($ million)	791	583	641
Securities / units outstanding (millions)	257	257	483
Adjusted NTA[6] ($ p.s.)	$ 3.08	$ 2.27	$ 1.33

Note:

1. Pro forma 30 June 2020 includes the impact of HomeCo's equity raising and acquisitions announced on 1 July 2020 and reflects HomeCo's freehold properties segment only. Please refer to HomeCo's FY20 Results Presentation for further detail.
2. For HomeCo Daily Needs REIT, balance sheet gearing is defined as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less lease liabilities and cash and cash equivalents. For HomeCo, balance sheet gearing is defined as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents, lease mitigation account, leasehold investment property and deferred tax assets.
3. Look through gearing is balance sheet gearing adjusted for cash, debt and assets in equity accounted investments (HomeCo's interest in HomeCo Daily Needs REIT).
4. For HomeCo Daily Needs REIT, Assets Under Management includes investment properties, other assets held for sale, rental guarantees, the option relating to the property in Vincentia, and is net of lease liabilities. Please refer to Section 6 of the PDS for further detail. For HomeCo, Assets Under Management includes HomeCo's freehold investment properties and HomeCo Daily Needs REIT's total assets.
5. For HomeCo Daily Needs REIT's, total assets includes investment properties, other assets held for sale, rental guarantees, the option relating to the property in Vincentia, and is net of lease liabilities. For HomeCo, total assets equals investment properties and co-investments.
6. For HomeCo, Adjusted NTA is net tangible assets (NTA) adjusted to exclude the lease mitigation account, leasehold investment properties, lease liabilities, and deferred tax assets. For HomeCo Daily Needs REIT, Adjusted NTA is equal to NTA. Note that Securityholders will receive 0.5 Units for every 1 Security owned, which translates to approximately $0.67 of HomeCo Daily Needs REIT Adjusted NTA for every 1 Security owned.

5.4 Pro forma statement of financial position

Table 3 presents the Pro Forma Historical Statement of Financial Position of HomeCo and reflects the 30 June 2020 financial position adjusted as if the Proposal and other significant transactions had occurred on that date. The fair value of the properties used in the Pro Forma Historical Statement of Financial Position are based on the 30 June 2020 audited annual financial statements of HomeCo. These fair values may differ to the fair value of the properties at the date of the Proposal due to changes in the operating performance of the properties and changes to market conditions including property capitalisation rates and valuation income.

Table 3: Pro forma statement of financial position

A$m	Audited HomeCo at 30 June 2020	July 2020 capital raising and acquisitions	Leasehold security restructure	Assets distributed to HDN[1]	Cash received from HDN	HomeCo co-investment in HDN	Other[5]	HomeCo pro forma at 30 June 2020
Cash and cash equivalents	29.6		(26.7)					2.9
Trade / other receivables	9.0		(2.8)					6.2
Current Assets	**38.6**	**-**	**(29.5)**	**-**	**-**	**-**	**-**	**9.1**
Investment properties – freehold[1]	1,013.8	185.9		(584.0)				615.7
Investment properties - leasehold	84.3		(84.3)					-
Co-investments	-					170.7		170.7
Deferred tax asset	141.1		(29.6)				(4.9)	106.6
Non Current Assets	**1,239.1**	**185.9**	**(113.9)**	**(584.0)**	**-**	**170.7**	**(4.9)**	**893.0**
Total Assets	**1,277.8**	**185.9**	**(143.4)**	**(584.0)**	**-**	**170.7**	**(4.9)**	**902.0**
Trade / other payables	40.7		(15.8)					24.9
Current Liabilities	**40.7**	**-**	**(15.8)**	**-**	**-**	**-**	**-**	**24.9**
Borrowings	361.4	27.8			(205.0)			184.1
Lease liabilities	143.1		(142.6)					0.5
Derivative financial liability	3.1							3.1
Non Current Liabilities	**507.6**	**27.8**	**(142.6)**	**-**	**(205.0)**	**-**	**-**	**187.7**
Total Liabilities	**548.3**	**27.8**	**(158.4)**	**-**	**(205.0)**	**-**	**-**	**212.6**
Net Assets	**729.5**	**158.1**	**15.1**	**(584.0)**	**205.0**	**170.7**	**(4.9)**	**689.4**

Key metrics

Securities on issue (m)	197.9	59.3						257.2
Adjusted NTA[2] ($ p.s.)	$ 3.20							$ 2.27
Balance sheet gearing[3] (%)	35.6 %							23.5 %
Look through gearing[4] (%)	35.6 %							28.8 %

Note:

1. Represents fair value as at 30 June 2020.
2. Adjusted NTA is net tangible assets (NTA) adjusted to exclude the lease mitigation account, leasehold investment properties, lease liabilities, and deferred tax assets.
3. Gearing is defined as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents, lease mitigation account, leasehold investment property and deferred tax assets.
4. Look through gearing is balance sheet gearing adjusted for cash, debt and assets in equity accounted investments (HomeCo's interest in HomeCo Daily Needs REIT).
5. Reduction in HomeCo's deferred tax asset as a result of the implementation of the Proposal.

5.5 Best estimate assumptions underlying the forecast financial information

The Forecast Financial Information is based on various best estimate assumptions, including those set out below, which should be read in conjunction with the risks of the Proposal set out in Section 3.7, as well as the risks set out in Section 7 of the PDS.

General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted:

- all tenant leases and leases entered into by HomeCo are enforceable and are performed in accordance with their terms;
- an average CPI rate of 1.5 % p.a.;
- no material acquisitions or disposals of investment properties, other than the investment properties being distributed within HomeCo Daily Needs REIT as part of the Proposal, as described in Section 3;
- no material increase in the level of Federal and State government restrictions due to COVID-19;
- all Victorian properties are fully operational during the forecast period, which would require movement to the next step of Victoria's re-opening roadmap;
- no material increase in the level of tenant defaults or decrease in property rental income collection rate;
- no material disputes or litigation;
- no material change in the 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 Explanatory Memorandum;
- 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 is 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;
- 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 HomeCo's interest rate swaps, as the Directors do not believe such movements can be reliably estimated; and
- no realised gains or losses from the sale of investment properties, as the Directors do not believe such gains or losses can be reliably estimated.

Key assumptions

The key best estimate assumptions during the forecast period include:

- the Proposal proceeds in accordance with the timetable set out in this Explanatory Memorandum;
- no material change in economic environment; and
- rental income is in line with HomeCo's forecasts on a property-by-property basis and is based on the contractual terms of each existing signed lease and signed MoUs.

6. OVERVIEW OF HOMECO DAILY NEEDS REIT

6.1 Overview

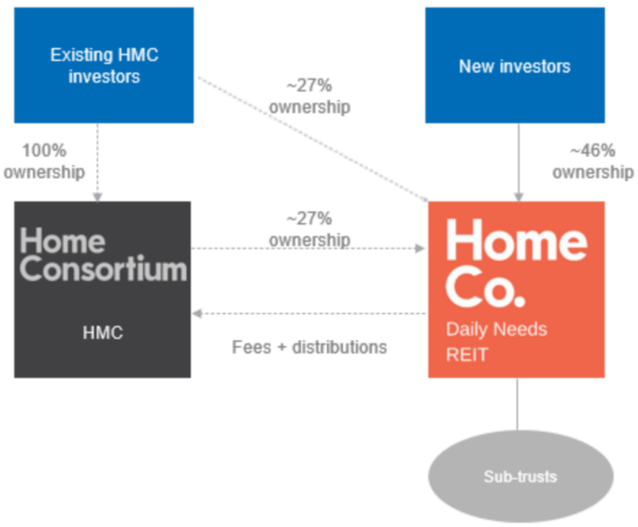
HomeCo Daily Needs REIT will be an Australian real estate investment trust listed on the ASX with a mandate to invest in predominately metro-located, convenience based assets across target subsectors of Neighbourhood Retail, Large Format Retail and Health & Services.

The construction of the portfolio and the weighting of the tenant mix towards non-discretionary retail is designed to provide exposure to defensive and sustainable income streams with future growth potential through structural lease escalations and acquisition opportunities.

On completion of the Proposal, HomeCo Daily Needs REIT's portfolio will consist of 15 stabilised, convenience focused Properties and a further 2 centres under development. Each operating centre will be anchored by leading brands backed by some of Australia's most successful retail organisations including predominately national retailers.

HomeCo Daily Needs REIT will be externally managed. The Responsible Entity is HMC Funds Management Limited (AFSL 237257) and the Managers are HomeCo DNR Property Management Pty Limited and HomeCo DNR Investment Management Pty Limited, each being a wholly owned subsidiary of HomeCo.

The ownership structure of HomeCo Daily Needs REIT at completion of the Proposal is set out below[10]:



6.2 Portfolio Summary

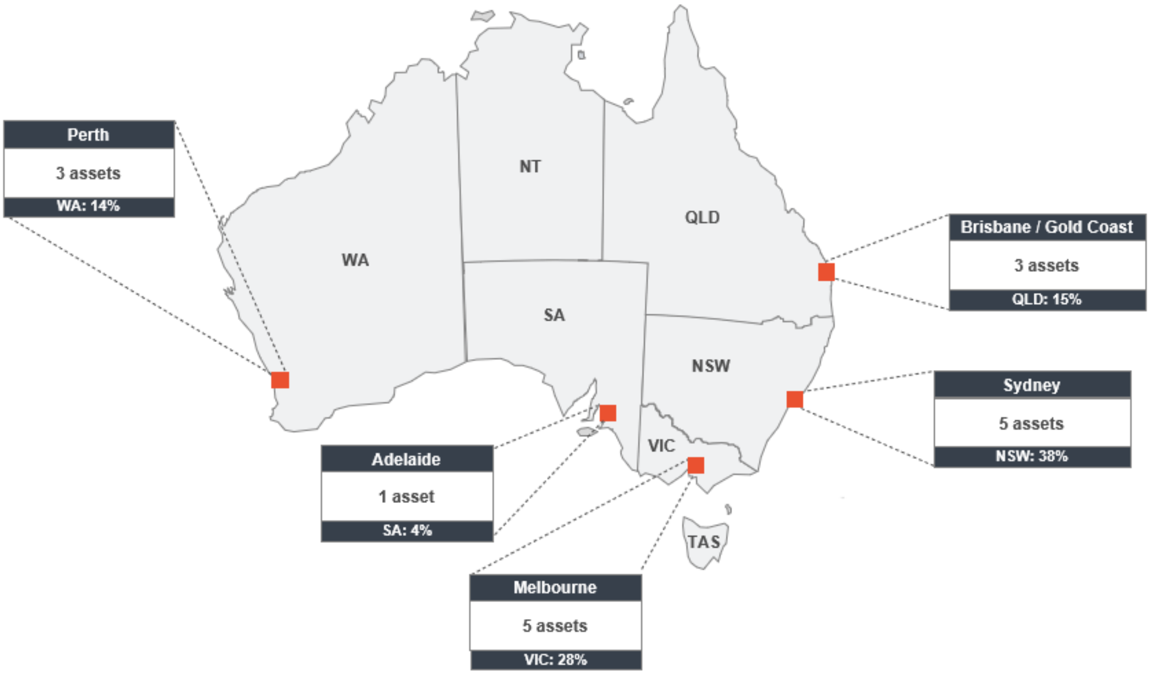
HomeCo Daily Needs REIT's portfolio consists of 15 operating centres and 2 centres under development with an independent valuation[11] of ~$844 million.[12] The Portfolio has a weighted average

[10] Based on an Offer to raise $300 million.
[11] Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties, Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD, and as at 30 September 2020 for the remaining 14 properties.
[12] Includes all HomeCo Daily Needs REIT's assets, including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

capitalisation rate of 5.95%[13], a WALE of 8.4 years[14] and is 98% occupied.[15] The Portfolio is geographically diversified in metropolitan growth corridors across New South Wales, Victoria, Queensland, Western Australia and South Australia.

Key portfolio statistics[16]

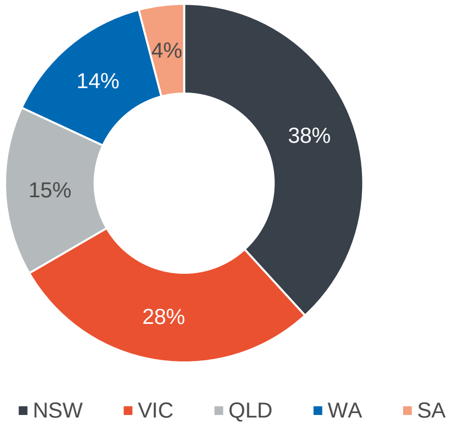
Number of properties	17
Independent Valuation[17]	~$844 million
Weighted average capitalisation rate (WACR)[18]	~5.95%
Occupancy (by GLA)[19]	98%
Weighted average lease expiry (WALE)[20]	8.4 years
Site coverage ratio	31%
Gearing	26%



***Note**: 1. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.*

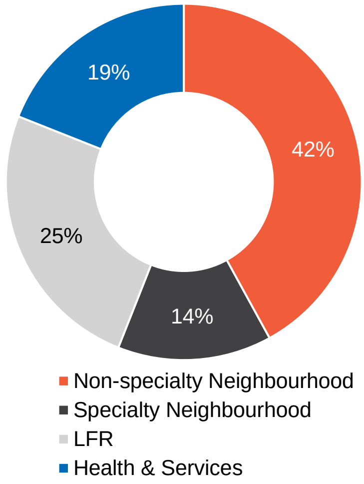
[13] By Property value.
[14] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[15] Occupancy does not include Ellenbrook and Richlands.
[16] Portfolio statistics include all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[17] Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties, Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD, and as at 30 September 2020 for the remaining 14 properties.
18 By property value.
19 Occupancy does not include Ellenbrook and Richlands.
20 By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

Portfolio split by geography[21]



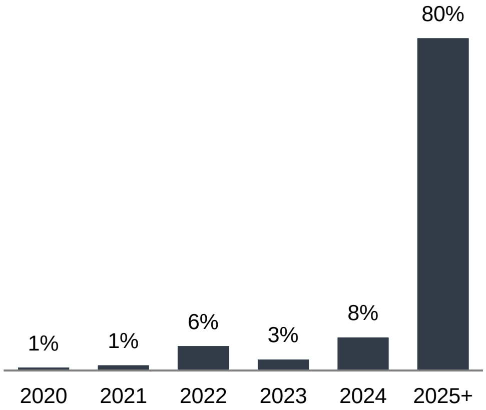
Geographically diverse portfolio with 94% located in metropolitan growth corridors.[24]

Tenant mix (by income) [22] [23]



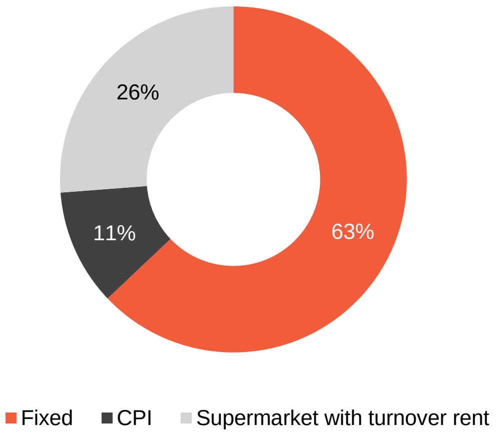
Defensive tenant mix with ~77%[25] exposure to national tenants and limited exposure to specialty retail (14%).

Lease expiry profile[26]



Long WALE of 8.4 years, with no more than 6% of rent expiring in any one year before 2023, and 80% expiring in 2025 or later.

Rent review composition[27]



Contracted rental growth with fixed escalation across 63% of the Portfolio with these tenancies having a weighted average rent review of 3.5% per annum.

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[21] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[22] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[23] Non-specialty Neighbourhood includes supermarket and pharmacists.
[24] Calculated by number of Properties, with 16 out of 17 Properties metro-located.
[25] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[26] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

Portfolio summary metrics

Asset	State	Classification	Total GLA	Site area (sqm)	Site Coverage[28]	Trading occupancy[29]	Occupancy (by area)[30]	WALE[31]	Independent value ($m)[32]	Cap rate (%)
Braybrook	VIC	Operating	13,441	41,488	32.4%	71.7%	100.0%	9.1	58.0	6.00%
Hawthorn East	VIC	Operating	11,482	28,300	40.6%	97.9%	100.0%	10.6	68.0	5.50%
Keysborough	VIC	Operating	12,142	35,840	33.9%	86.4%	100.0%	10.5	40.5	6.25%
Mornington	VIC	Operating	11,136	35,949	31.0%	76.6%	99.5%	11.1	47.0	6.00%
Tingalpa	QLD	Operating	10,434	27,720	37.6%	94.1%	99.0%	6.2	33.0	6.50%
Penrith	NSW	Operating	11,643	30,150	38.6%	100.0%	100.0%	5.2	51.0	6.00%
Rosenthal	VIC	Operating	4,810	17,759	27.1%	98.0%	98.0%	8.3	30.5	5.50%
Prestons	NSW	Operating	5,169	15,790	32.7%	100.0%	100.0%	7.7	36.6	5.50%
Vincentia	NSW	Operating	9,419	68,127	13.8%	97.2%	97.2%	5.8	60.0	6.00%
Butler	WA	Operating	17,430	42,173	41.3%	94.2%	94.2%	9.1	40.5	6.75%
Joondalup	WA	Operating	17,414	44,260	39.3%	94.7%	97.6%	8.9	49.5	6.75%
Parafield	SA	Operating	15,539	42,707	36.4%	100.0%	100.0%	6.0	18.5	7.50%
Richlands	QLD	Development	12,503	48,610	25.7%	–	77.7%	12.4	23.5	6.50%
Ellenbrook	WA	Development	12,269	30,002	40.9%	2.7%	56.1%	9.4	12.5	7.00%
Gregory Hills	NSW	Acquisition	8,364	46,000	18.2%	100.0%	100.0%	9.9	68.9	5.50%
Glenmore Park	NSW	Acquisition	17,225	45,859	37.6%	96.0%	96.0%	6.6	148.5	5.50%
Coomera City Centre	QLD	Acquisition	7,419	28,720	25.8%	100.0%	100.0%	7.4	57.0	5.75%
Total Portfolio			**197,839**	**629,454**	**31.4%**	**93.1%**	**98.5%**	**8.4**	**843.5**	**5.95%**
Operating portfolio (incl. acquisitions)			173,067	550,842	31.4%	93.1%	98.5%	8.2	807.5	5.91%
Development portfolio			24,772	78,612	31.5%	-%	-%	11.8	36.0	6.67%
Total Portfolio (excl. acquisitions)			164,831	508,875	32.4%	92.0%	98.6%	8.7	569.1	6.14%

[28] Ratio of GLA to site area, where GLA does not include carparks.
[29] By GLA. Total excludes Richlands and Ellenbrook.
[30] BY GLA. Total excludes Richlands and Ellenbrook.
[31] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[32] Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties, Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD, and as at 30 September 2020 for the remaining 14 properties.

Overview of the top 20 tenants[33]

Rank	Tenant	Category	Brands	% of income
1	Woolworths	Supermarket & liquor retail	Woolworths, BWS, Dan Murphy's	15.4%
2	Coles	Supermarket & liquor retail	Coles, Liquorland	10.9%
3	Super Retail Group	Leisure & lifestyle retail	Supercheap Auto, rebel, BCF	4.1%
4	Spotlight Group	Lifestyle & leisure retail	Spotlight, Anaconda	3.4%
5	IGA / Fresh & Save	Supermarket retail	IGA, Fresh & Save Food Warehouse	3.3%
6	Amart	Furniture retail	Amart Furniture	3.0%
7	Goodlife	Gym	Goodlife Health Clubs	2.9%
8	Spudshed	Supermarket retail	spudshed	2.7%
9	Chemist Warehouse	Pharmaceutical retail	Chemist Warehouse	2.5%
10	Aldi	Supermarket retail	Aldi	1.7%
11	PETstock	Pet retail	pet stock	1.7%
12	Tradezone	Electrical retail	Tradezone	1.6%
13	Wesfarmers	Leisure & lifestyle retail	Adelaide Tools, Officeworks	1.5%
14	South Pacific Health Club	Gym	South Pacific Health Clubs	1.3%
15	Our Medical Home	Medical centre	ourmedicalhome	1.1%
16	Nick Scali	Furniture retail	nickscali	1.1%
17	Guardian Early Learning	Childcare	Guardian Childcare & Education	0.9%
18	The Good Guys Discount Warehouses	Leisure & lifestyle retail	The Good Guys	0.9%
19	Aurrum	Childcare	aurrum kids	0.8%
20	Baby Bunting	Nursery retail	BabyBunting	0.8%

6.3 Objectives and strategy of HomeCo Daily Needs REIT

HomeCo Daily Needs REIT's objective is to provide Unitholders with exposure to a portfolio of stabilised predominately metro-located and convenience based assets targeting consistent and growing distributions.

HomeCo Daily Needs REIT intends to achieve its objective by:

- maintaining high quality and defensive exposure across sub-sectors (Neighbourhood Retail, Large Format Retail and Health & Services, tenants and geographies;
- employing a model portfolio construction informed by long term historical returns across sub-sectors;
- pursuing acquisition opportunities across targets sectors; and
- maintaining an appropriate capital structure.

6.4 Investment and asset management strategy

Investment philosophy

HomeCo Daily Needs REIT's investment philosophy focuses on making investment decisions based on underlying property fundamentals, qualitative analysis and identifying opportunities to unlock value through opportunities in the market.

The initial construction of the Portfolio has been informed by the Model Portfolio composition (see below). Whilst maintaining these principles, the Portfolio's composition will evolve over time, as the Responsible Entity continues to respond to changing trends in the retail landscape.

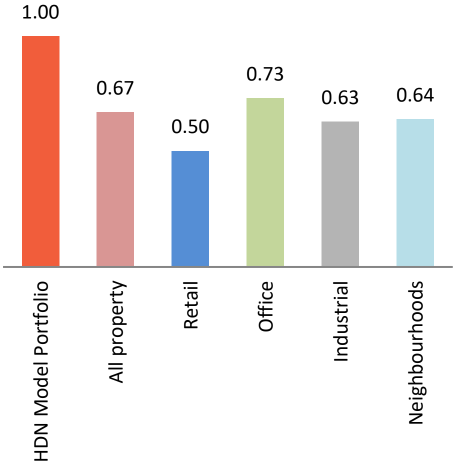
Model portfolio development

The Portfolio has been informed by the Model Portfolio, which consists of:

- 50% exposure to Neighbourhood Retail assets;
- 30% exposure to Large Format Retail; and
- 20% exposure to Health & Services.

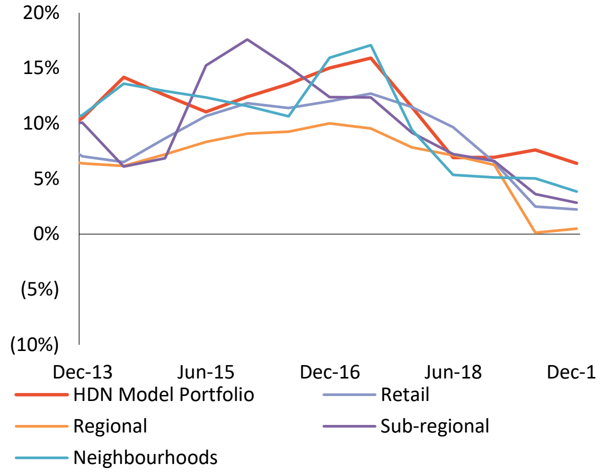
The Model Portfolio construction has been informed by long term historical analysis of returns across sectors, has displayed relatively low levels of correlation to traditional retail and property sectors and has demonstrated outperformance over a long period relative to the broader retail property sector.

Model Portfolio correlation versus property sector (2007 – 2019)[34]



Source: RIA; past performance not indicative of future performance

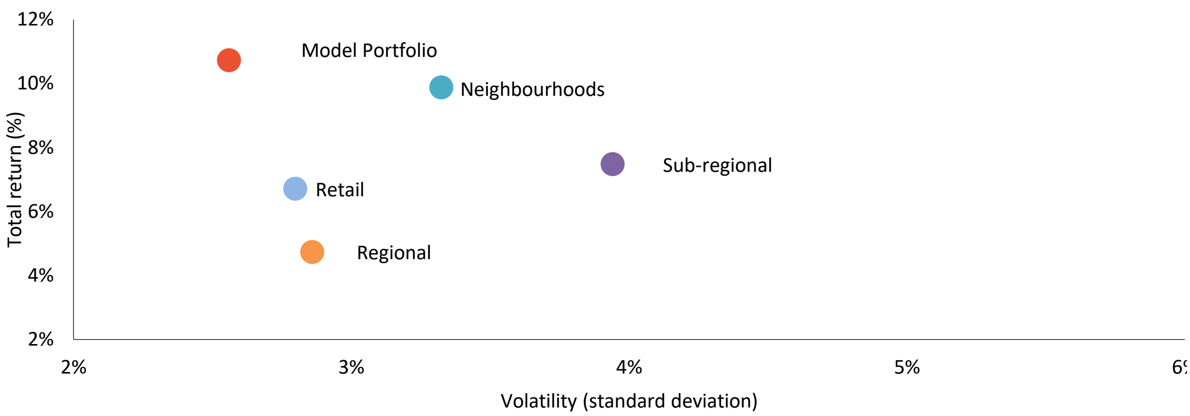
Total returns by sector (2013-2019)[35]



Source: RIA; past performance not indicative of future performance

This has resulted in the Model Portfolio displaying superior risk-adjusted returns relative to other retail property sub-sectors.

Total returns and volatility by sector (2013-2019)[36]



Source: RIA; past performance not indicative of future performance.

Properties in the portfolio are anchored by leading brands, including predominately national major supermarkets, daily needs and services businesses. The Portfolio has no exposure to department stores or discount department stores and limited exposure to specialty retail and fashion tenants.

[34] Correlation between total returns of each industry sub-section between 2007 and 2019 (Source: RIA).
[35] Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis; historical performance is not a predictor.
[36] Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis.

Rent charged to tenants at properties in the Portfolio is positioned competitively compared to other retail landlords. The average gross rent across the Portfolio is $349 per sqm,[37] which is attractive for tenants who are looking to reduce occupancy costs. This has resulted in greater earnings resilience than that of the broader retail sector amid the shift towards a more e-commerce driven economy and strong recent cash collection despite the impact of the COVID-19 pandemic. HomeCo Daily Needs REIT is well positioned to positively grow its rental income while retaining tenants for additional lease terms upon lease expiry by setting rents at the lower end of the retail cost curve.

Key features of the Portfolio include:

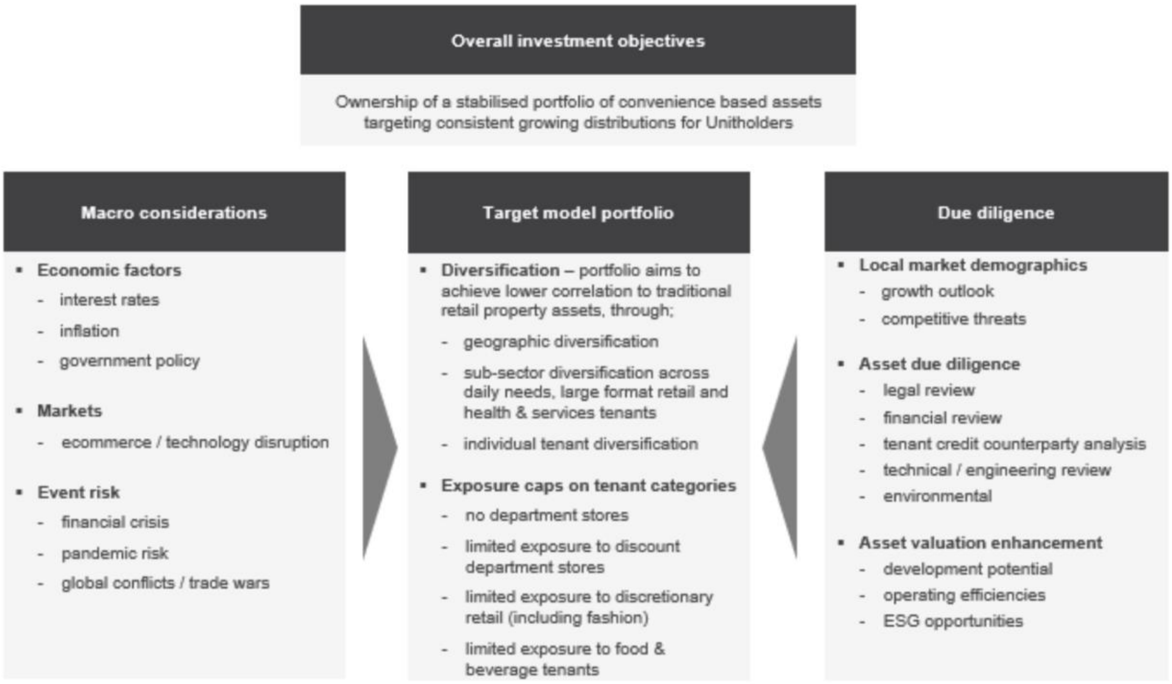
- a complementary mix of retailers and services;
- attractive locations that are close to large population centres, major road arterials and intersections, and public transport links;
- modern air-conditioned buildings with quality amenities (free WiFi, kids play centres, parent's rooms) and centre events (promotions, seasonal events);
- easy access with substantial on-grade car parking (~400 per centre, on average);
- convenient suburban locations rather than high-density, super-regional or CBD locations;
- a focus on daily needs and healthcare & wellness;
- over 60% of customers live less than a 15 minute 'drive and park' time away; and
- ability to social distance with minimal dwell time.

The Responsible Entity believes these features within each centre are key differentiating features

6.5 Investment process

HomeCo Daily Needs REIT intends to acquire additional Properties over time that are consistent with its objectives and represent value accretive investment opportunities that complement HomeCo Daily Needs REIT's strategy of targeting consistent the growing distributions.

[37] By gross income for signed leases and signed MoUs across all HomeCo Daily Need REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.



6.6 Asset management

To manage risk and maximise returns to Unitholders, the Managers will undertake ongoing assessments of leasing opportunities, tenant incentives and capital expenditure requirements while maintaining engagement with tenants. The Managers will look for ways to improve the tenant experience and amenities at the Properties in order to retain and attract tenants; protect or enhance revenue; and improve the experience and offerings for all users of the Properties.

6.7 Benefits of an investment in HomeCo Daily Needs REIT

Diversified and defensive portfolio

On completion of the Proposal, the Portfolio will consist of 15 operating centres and 2 centres under development with an independent valuation[38] of ~$844 million.[39]

Key features the Portfolio include:

- Geographic diversification:
    - Strategically located Properties with 94%[40] of Properties in metropolitan growth corridors across NSW, VIC, QLD, WA and SA.
    - Predominately metro-located assets; and
    - Geographic split of Portfolio assets informed by the national GDP contribution of each State.

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[38] Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties, Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD, and as at 30 September 2020 for the remaining 14 properties.
[39]. Includes all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[40] Calculated by number of Properties, with 16 out of 17 Properties metro-located.

- Diversified, high quality and defensive tenant exposure to convenience based daily needs real estate:
  - A high occupancy rate of 98%[41] and WALE of 8.4 years[42];
  - Tenants consisting of leading national retailers and service providers with approximately 77%[43] exposure to national tenants with limited exposure to specialty retail (14%)[44].
- A low site coverage ratio of 31% on a land bank holding of 629,000 sqm providing future expansion and alternate use opportunities.
- Supermarket anchored Neighbourhood Retail centres in the Portfolio have been accompanied with Large Format Retail.

Solid valuations and strong recent cash collection, despite COVID-19 disruption

The Properties in the Portfolio have been independently valued at 30 September 2020 with valuations remaining either materially unchanged or continuing to increase, whilst maintaining average cash collection of 94%[45] over the period July 2020 to September 2020. This has been a result of construction of the Portfolio composition in line with the Model Portfolio, resulting in exposure to predominately supermarket anchored neighbourhood shopping centres with exposure to LFR and limited exposure to specialty retail and fashion tenants:

- Neighbourhood Retail centres have experienced sales growth on a pickup in demand for essentials and an increased preference / need for consumers to shop locally for convenience and the ability to social distance; and
- for LFR centres, the homewares & electrical segment has performed well due to increased spending during the COVID-19 pandemic; the leisure & lifestyle segment has benefitted from government stimulus and an inability to travel, resulting in a shift in consumer spending towards lifestyle products.

Resilience to e-commerce trends

HomeCo Daily Needs REIT believes the Portfolio is better positioned to withstand structural changes relative to traditional regional and sub-regional shopping centres in the retail landscape due to increasing e-commerce, with ‘essentials’ exposure through supermarkets, pharmacists and childcare. The Portfolio has no exposure to department stores or discount department stores and limited exposure to specialty retail and fashion. Rents for the Portfolio’s LFR and Health & Services tenants are significantly lower compared to other retail subsectors, providing a high level of sustainability

HomeCo Daily Needs REIT is targeting consistent and growing distributions

HomeCo Daily Needs REIT is forecast to have an FY21 annualised Distribution Yield (based on the Offer Price) of 5.5% for the period from Completion to 30 June 2021, with 100% of the proposed FY21 distributions expected to be tax deferred.

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[41] Occupancy does not include Ellenbrook and Richlands
[42] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[43] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[44] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[45]Rent collection of contracted rent to 30 September 2020 at all HomeCo Daily Needs REIT assets, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

The objective of delivering consistent and growing distributions is underpinned by a number of factors:

- stable and defensive operating portfolio, with a WALE of 8.4[46] years, significant national tenant exposure and limited specialty retail and fashion exposure;
- contracted rent escalations with fixed escalations on 63% of the portfolio (weighted average rent review across fixed leases of 3.5%[47] p.a.);
- average gross rent of $349 per square metre at the lower end of the retail landlord cost curve; and
- appropriate capital structure, with a target Gearing range of 30% - 40%.

Growth Opportunities

HomeCo Daily Needs REIT believes it offers an attractive growth profile supported by:

- **Structural lease escalations**: Fixed rental escalations for 63% of the Portfolio with these tenancies having a weighted average rent review of 3.5% per annum.[48]
- **Accretive developments**: HomeCo Daily Needs REIT will seek to redevelop existing Properties to drive value and growth through site optimisation and will take reasonable steps to mitigate development and delivery risk. This includes, but is not limited to, obtaining leasing pre-commitments and entering into fixed price contracts with builders and other service providers. HomeCo Daily Needs REIT has identified a pipeline of value enhancing development opportunities across a number of sites within the Portfolio with target returns on invested capital (ROIC) of 7-10%. These opportunities include:
    - **Pad sites**: Pad developments are the construction of new standalone tenancies outside the existing building in the car park;
    - **Expansions**: Expansion projects comprise the development of multiple tenancies either via new building developments or building extensions on vacant land or excess car parks; and
    - **Town centres**: Town centre developments encompass large scale projects on an existing site for new tenancies outside the existing building.
- **Acquisition opportunities**: HomeCo's sector expertise and the scale of its management platform positions HomeCo Daily Needs REIT to take advantage of acquisition opportunities within the Neighbourhood Retail sector, which is still largely privately owned. HomeCo will seek to identify acquisition opportunities to expand its portfolio and grow its market share.

Larger scale can contribute to enhanced leasing outcomes through increased access to and deeper relationships with tenants as well as cost efficiencies with service providers.

Demonstrated management expertise

HomeCo Daily Needs REIT will be managed by HomeCo.

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[46] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[47] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
[48] By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

HomeCo's team spans key investment management functions including property management, leasing, marketing, acquisitions and development. It is anticipated that HomeCo Daily Needs REIT will benefit from HomeCo's sophisticated management approach to maximise value by:

- leveraging HomeCo's relationships with tenants, contractors, suppliers and service providers;
- identifying assets with value-add development potential, obtaining council approvals to managing the construction and leasing of new tenancies; and
- undertaking due diligence and identifying potential future acquisitions for HomeCo Daily Needs REIT.

Experienced board and strong corporate governance

HomeCo Daily Needs REIT's board is comprised of experienced and credentialed individuals. The appointed Non-Executive Directors have a diverse range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgement to board deliberations and decisions.

Alignment of interests between HomeCo and HomeCo Daily Needs REIT

HomeCo's interests are aligned with HomeCo Daily Needs REIT's through maintaining an investment which, following the Offer, will be approximately 27% of the total Units on issue.

HomeCo will enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held at Completion for 1 year from Completion.

6.8 Summary financial information for HomeCo Daily Needs REIT

The summary forecast pro forma profit and loss statements and statement of financial position for HomeCo Daily Needs REIT are presented below. This financial information is presented in an abbreviated form. For further financial information on HomeCo Daily Needs REIT, please refer to Section 6 of the PDS.

Table 4: Summary forecast pro forma FFO

A$m	Completion Date to 30 June 2021[1]	6 months to 30 June 2021
Net property income	27.8	24.0
Responsible Entity fees	(4.5)	(3.9)
Other corporate expenses	(1.1)	(0.9)
EBITDA	**22.2**	**19.2**
Interest expense	(3.4)	(2.9)
FFO	**18.8**	**16.3**

Table 5: Summary key metrics

FFO per Unit (cents)	3.9	3.4
FFO payout ratio (%)	109 %	107 %
Distributions (A$m)	20.5	17.5
Distributions per Unit (cents)	4.2	3.6
Annualised Distribution Yield[2] (%)	5.5 %	5.5 %
Tax deferred component[3] (%)	100 %	100 %
Weighted average number of units (millions)	483	483

Note:

1. Assuming the Proposal is implemented on the Completion Date (26 November 2020).
2. The yields for the periods from the Completion Date to 30 June 2021 and for the 6 months to 30 June 2021 have been calculated as the annualised amounts of the distributions expected to be paid in March 2021 and September 2021 respectively (i.e. multiplied by 365 and divided by 216 days from the Completion Date to 30 June 2021, and 181 days for 6 months to 30 June 2021 respectively), divided by the Offer Price.
3. Tax deferred components of forecast Distributions for Australian income tax purposes are determined in accordance with prevailing Australian tax legislation as at the time of preparing the Offer document. See Section 11 of the PDS for further details.

Table 6: Summary pro forma statement of financial position at Completion

A$ 000s	At the Completion Date
Cash and cash equivalents	5,000
Investment properties[1]	825,040
Right-of-use assets	29,081
Other assets[2]	16,919
Total assets	**876,040**
Borrowings[3]	224,255
Lease liabilities	10,900
Total liabilities	**235,155**
Net assets	**640,885**

Table 7: Key metrics

Units on issue (millions)	483
NTA per Unit (A$)	$ 1.33
Gearing[4] (%)	26.2 %

Note:

1. Investment property valuations are based on the Independent Valuations set out in Section 10 of the PDS.
2. 'Other assets' in the summary pro forma statement of financial position includes rental guarantees, other assets held for sale and other assets, as set out in Section 6 of the PDS.
3. Non-current interest bearing borrowings balance represents $231 million, net of unamortised debt establishment costs of $6 million.
4. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities less Cash and cash equivalents.

6.9 Distribution policy

HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised, with FY21 distributions expected to be 100% tax deferred. A payout ratio below this target may be adopted in circumstances where HomeCo Daily Needs REIT has identified value-accretive investment opportunities. The board of the Responsible Entity retains the discretion to vary the distribution policy.

The Responsible Entity intends to pay distributions quarterly, with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December. The first distribution is expected to be paid in May 2021. The table below sets out the expected distribution schedule:

Quarter ending	Paid by
31 March	31 May
30 June	31 August
30 September	30 November
31 December	28 February

The Responsible Entity will continue to monitor the appropriateness of the distribution policy to ensure that it meets the ongoing objectives of HomeCo Daily Needs REIT and is in the best interests of Unitholders.

6.10 Board of Directors

Following implementation of the Proposal, the board of the Responsible Entity will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. As the majority of the board of the Responsible Entity comprises external Directors, the Responsible Entity is not required to establish a compliance committee for the purposes of the Corporations Act.

Simon Shakesheff – Independent Non-Executive Chairman

- Non-Executive Director of Cbus Property, Assembly Funds Management, Kiwi Property and St George Community Housing
- Formerly Head of Strategy and Stakeholder Relations at Stockland Trust Group from 2013 to 2018 where Simon was responsible for Strategy, Research and Stakeholder Relations, and a member of the Executive Committee
- Over 30 years of experience in the finance and real estate industry including 19 years as an equities analyst covering listed real estate and retail companies at Macquarie Bank and JP Morgan, and a further six years as a corporate advisor to major real estate groups, at UBS and Bank of America Merrill Lynch

Simon Tuxen – Independent Non-Executive Director

- Non-Executive Director of Racing New South Wales
- Former General Counsel and Company Secretary at Westfield from 2002 to 2018
- Prior to joining Westfield in 2002, Simon was General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996

Stephanie Lai – Independent Non-Executive Director, Chair of Audit and Risk Committee

- Non-Executive Director of Superloop and Future Generation Investment Company
- Over 20 years' experience as a Chartered Accountant and is a former M&A partner of Deloitte and KPMG
- Stephanie has significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity
- Stephanie holds a Bachelor of Business (University of Technology Sydney) and is a Graduate Member of the Australian Institute of Company Directors and the Institute of Chartered Accountants (Australia and New Zealand).

David Di Pilla – Non-Executive Director

- Executive Chairman and Chief Executive Officer of Home Consortium
- Founder, director and major shareholder of Aurrum
- Former strategic advisor and director to operating subsidiaries of the Tenix group of companies from 2014 to 2016
- 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

Greg Hayes – Non-Executive Director

- Non-Executive Director of Home Consortium
- Director of Aurrum and Ingenia Communities and Precision Group
- Former Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer & Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and interim CEO of the Australian Gaslight Company (AGL), Chief Financial Officer Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited
- Holds a Master of Applied Finance, a Graduate Diploma in Accounting, a Bachelor of Arts, completed an Advanced Management Programme (Harvard Business School)

6.11 External management team

The external management team will comprise a group of professionals with experience in asset and funds management and property investment and management. It will have skills across the key disciplines of asset management, project and development management and asset finance.

The Managers are intending to employ professionals who will be directly responsible for the operation and management of the Portfolio under the Management Agreements. At the date of this PDS, those professionals have been identified but have not yet commenced employment. Pending the commencement of their employment, the management team will comprise the following HomeCo executives on an interim basis.

Sid Sharma – HomeCo 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 – HomeCo Chief Financial Officer

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 Aurrum.

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 – HomeCo General Counsel and Company Secretary

Andrew Selim joined HomeCo in 2017 and is General Counsel and Company Secretary. He is responsible for all legal, compliance and governance activities of the group. Andrew has over 17 years of local and international experience in real estate and corporate law.

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. 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, a Member of the Association of Corporate Counsel Australia and is a Member of the Australian Institute of Company Directors. He previously sat on the Law Society of NSW In-House Corporate Lawyers Committee. Andrew has also been recognised in The Legal 500 GC Powerlist and Doyles Best Lawyers Guide as a leading in-house lawyer.

6.12 Corporate governance

The Responsible Entity is wholly owned by HomeCo. Unitholders will have the power to replace the Responsible Entity by a majority vote of Unitholders but not to appoint or remove the HomeCo directors themselves. The consequences of replacing the Responsible Entity are described in sections 13.4 and 13.5 of the PDS.

It is proposed that the board of the Responsible Entity will establish appropriate corporate governance policies consistent with the ASX Corporate Governance Principles and Recommendations 4th edition, developed by the ASX Corporate Governance Council. For further information on HomeCo Daily Needs REIT's governance arrangements, please see section 5.7 of the PDS.

7. TAX INFORMATION FOR SECURITYHOLDERS

The following is a general summary of the Australian income tax, GST and stamp duty implications arising for Securityholders as a result of the Capital Distribution. As this summary is necessarily general in nature, Securityholders should consult with their professional tax advisor regarding their particular circumstances.

This tax summary only addresses the position of Securityholders who are residents and non-residents of Australia for income tax purposes and hold their Securities on capital account.

This tax summary does not address the Australian tax consequences for Securityholders who:

- hold their Securities or Units on revenue account or as trading stock;
- are subject to the Taxation of Financial Arrangement provisions (Division 230 of the Income Tax Assessment Act 1997) in relation to gains and losses in respect of their Securities or Units;
- are non-residents of Australia who hold their Securities or Units in carrying on a business at or through a permanent establishment in Australia; or
- acquired their Securities under a HomeCo employee incentive plan.

This tax summary does not address any tax consequences of the Capital Distribution arising under the laws of jurisdictions other than Australia. This summary is based on Australian tax law and relevant regulations, rulings or judicial or administrative interpretations of such tax laws as at the date of this Explanatory Memorandum.

7.1 Class ruling

HomeCo has applied to the ATO requesting a class ruling to confirm the key income tax implications of the Capital Distribution for Securityholders. The Capital Distribution will be undertaken by way of an in-specie distribution of the units of HomeCo Daily Needs REIT via a capital reduction.

This tax summary is based on the ATO's preliminary, but considered, views in respect of the income tax consequences of the Capital Distribution, and it is expected that the final class ruling will be consistent with this summary.

When the final class ruling is published by the ATO, it will be available on the ATO website at www.ato.gov.au. Securityholders should review the final class ruling when it is issued by the ATO.

7.2 No demerger tax relief

The Capital Distribution will not qualify as a "demerger" for the purposes of applying demerger taxation relief under Division 125 of the Tax Act. Accordingly, no demerger taxation relief will be available for Securityholders.

7.3 Australian resident Securityholders

The Capital Distribution should not be a dividend or treated as ordinary income for Securityholders for Australian income tax purposes. Further, it is not anticipated that the ATO will make a determination to treat the Capital Distribution as a dividend for tax purposes under Section 45B of the Tax Act.

For Australian Capital Gains Tax (**CGT**) purposes, each Security comprises 2 separate assets, being a share in HCL and a share in HCDL. The following CGT consequences should arise for Australian tax resident Securityholders in respect of the Capital Distribution on their HCL Share:

Securityholders who hold their Securities on both the Capital Distribution Record Date and the Capital Distribution Date

CGT event G1 will happen for Securityholders in respect of the Capital Distribution on the Capital Distribution Date. Under CGT event G1, the cost base and reduced cost base of each HCL Share will be reduced by the amount of the Capital Distribution (but not below nil) in respect of that share and a capital gain will arise to the extent that the amount of the Capital Distribution in respect of that HCL Share exceeds the cost base of that share.

Securityholders who hold their Securities on the Capital Distribution Record Date but no longer hold them on the Capital Distribution Date

Securityholders who dispose of their HCL Shares after the Capital Distribution Record Date and before the Capital Distribution Date still have a right to the Capital Distribution in respect of those shares. CGT event C2 happens for these Securityholders when the right ceases to exist at the time of the Capital Distribution. A capital gain will arise to the extent that the market value of the Units received exceeds the cost base of the right to the Capital Distribution. This cost base will likely be nil.

CGT Discount

A capital gain made from CGT event G1 or C2 will be a discount capital gain for a Securityholder that is an individual, trust or complying superannuation entity and acquired the HCL Shares at least 12 months before the Capital Distribution Date. The discount factor will vary depending on the tax profile of the Securityholder. Specifically, the discount factor for resident individuals and trusts is 50% and for complying superannuation entities is 33.33%.

7.4 Non-resident Securityholders

For Securityholders who are not Australian tax residents, any capital gain under CGT event G1 in relation to the Capital Distribution should be disregarded if the HCL Shares are not “taxable Australian property”.

HCL Shares should generally only be taxable Australian property for non-resident Securityholders who:

- 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 HCL Shares and more than 50% of the value of HCL’s assets is attributable to Australian real property; or
- are individuals who made an election to disregard a CGT event I1 capital gain or capital loss in respect of their HCL Shares when they ceased to be an Australian tax resident.

For Securityholders who are not Australian tax residents, any capital gain under CGT event C2 in relation to the Capital Distribution should be disregarded if the right to acquire the Units are not “taxable Australian property”.

The right to acquire the Units should generally only be taxable Australian property for non-resident Securityholders who:

- 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 right to acquire 10% or greater of the Units and more than 50% of the value of HomeCo Daily Needs REIT’s assets is attributable to Australian real property; or
- are individuals who made an election to disregard a CGT event I1 capital gain or capital loss in respect of their Units when they ceased to be an Australian tax resident.

7.5 Acquisition of Units under the Capital Distribution

The first element of the cost base and reduced cost base for a Unit acquired under the Capital Distribution should be equal to the market value of the Unit on the Capital Distribution Date.

For CGT purposes (including eligibility for the CGT discount concession), the Unit should be treated as having been acquired on the Capital Distribution Date.

The tax implications for Unitholders of holding and disposing of the Units are as set out in Section 11 of the PDS.

7.6 Other matters

GST

No GST should be payable by Securityholders in respect of the Capital Distribution. There may be an indirect GST cost for GST registered Securityholders on any costs they incur, 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. legal and other adviser fees). This will depend on the circumstances of the particular Securityholder.

Stamp duty

No stamp duty should be payable by Securityholders in respect of the Capital Distribution provided that HomeCo Daily Needs REIT is admitted to the ASX and all of the units of HomeCo Daily Needs REIT are quoted on the ASX at the time the Units are transferred on the Capital Distribution Date and provided that the Units transferred under the Capital Distribution will not represent 90% or more of the issued capital of HomeCo Daily Needs REIT.

8. HOMECO MEETING AND SECURITYHOLDER APPROVAL

8.1 General

HomeCo seeks Securityholder approval under the Capital Distribution Resolution to enable HomeCo to reduce its capital by the distribution of specific assets to Securityholders, being approximately 129 million ordinary units in HomeCo Daily Needs REIT.

Section 256C of the Corporations Act

The Capital Distribution involves an equal reduction of capital by way of an in specie distribution to Securityholders. Under section 256B of the Corporations Act, the Company may only reduce its capital if it:

- is fair and reasonable to Securityholders as a whole;
- does not materially prejudice HomeCo's ability to pay its creditors; and
- is approved by Securityholders in accordance with section 256C of the Corporations Act.

The Board believes that the Capital Distribution is fair and reasonable to Securityholders as a whole and does not materially prejudice HomeCo's ability to pay its creditors. This is because each Securityholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Securityholder. The Capital Distribution is on a pro rata basis, and the proportionate ownership interest of each Securityholder remains the same before and after the Capital Distribution.

In accordance with the Corporations Act:

- the Capital Distribution is an equal reduction (to be 100% applied to HCL) and requires approval by an ordinary resolution passed at a general meeting of Securityholders;
- the Notice, this Explanatory Memorandum, the PDS and previous ASX announcements set out all information known to HomeCo that is material to the decision on how to vote on the Capital Distribution Resolution; and
- HomeCo has lodged with ASIC a copy of the Notice and this Explanatory Memorandum.

ASX Listing Rule 7.17

Listing Rule 7.17 provides, in part, that if a listed entity, in offering securityholders an entitlement to securities in another entity, it must offer those securities pro rata or in such other way as, in ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a securityholders holds before this entitlement accrues. The Capital Distribution satisfies the requirements of Listing Rule 7.17 because the issue of Units is being made to Securityholders on a pro rata basis, and there is no restriction on the number of Securities a Securityholder must hold on the Capital Distribution Record Date before the entitlement to the Units under the Capital Distribution accrues.

8.2 Voting

The Capital Distribution Resolution will be passed by ordinary resolution only if it has been passed by at least 50% of the votes cast by Securityholders entitled to vote on that resolution.

Each Securityholder will be eligible to attend and vote, either virtually or by proxy, at the Meeting if they are registered holders of Securities as at 16 November 2020 at 7.00pm (Sydney time).

The Capital Distribution Resolution will be decided by way of a poll. Each Securityholder has one vote for every Security they hold.

If you do not vote or vote against the Capital Distribution Resolution, but the resolution is nonetheless approved by the required majority of Securityholders, then the Proposal will be implemented and will be binding on all Securityholders.

9. ADDITIONAL INFORMATION

9.1 Implementation Deed

The Implementation Deed is between HCL, HCDL and the Responsible Entity. This deed sets out the procedures to be followed to implement the Proposal and other related matters. In addition to those elements of the Proposal described elsewhere in this Explanatory Memorandum, the Implementation Deed deals with the matters discussed in this Section.

Agreement to implement the Proposal

The parties agree to do all things reasonably necessary to implement and give effect to the Proposal, subject to their constitutions, the Implementation Deed, any of their material obligations and applicable laws. This includes using best endeavours to ensure satisfaction of the conditions precedent (see below).

Conditions precedent

The implementation of the Proposal is subject to:

- ASIC, ASX and any other regulatory authority providing such consents or approvals or having done such other acts which the parties agree are required to implement the Proposal and those consents or approvals are not withdrawn, cancelled or revoked;
- admission of the REIT to the official list of ASX and for official quotation of the Units having commenced;
- the Offer not having been withdrawn by the Responsible Entity and the Underwriting Agreement not having been terminated or any condition precedent in the Underwriting Agreement not having become incapable of being satisfied;
- approval by HomeCo Securityholders at the Meeting of the Capital Distribution by the requisite majorities;
- HomeCo has obtained all necessary consents under its existing debt facilities to undertake the Proposal and such consent not having been withdrawn or any conditions to such consent not having become incapable of being satisfied;
- no judgement, order, rule or regulation, restraint or prohibition is entered, enacted, enforced or issued by any court or government agency remains in effect as at 8.00am on the date the REIT is admitted to the official list of ASX and official quotation of Units commences that prohibits, materially restricts, makes illegal or restrains the completion of the Proposal; and
- the Debt Facility is entered into and all conditions precedent to the Sale Contracts and the Debt Facility, in each case, being satisfied or waived or, in the case of the Debt Facility, will be satisfied on first utilisation under the Debt Facility.

Termination

A party may terminate the Implementation Deed by notice in writing to the other parties if a condition precedent becomes incapable of satisfaction, and the breach or non-fulfilment of the condition precedent that would otherwise occur has not already been waived.

HomeCo may also terminate the Implementation Deed by giving written notice to the Responsible Entity at any time before the Capital Distribution is approved.

Limitation of liability

The liability of the Responsible Entity is limited to the extent it can be satisfied out of the assets of the REIT and for which it is actually indemnified for the liability. The other parties may not bring proceedings against the Responsible Entity in any capacity other than as responsible entity of the REIT.

The liability of the Responsible Entity is not limited in the above manner to the extent there is a reduction in the extent of its indemnification out of the assets of the REIT under the Constitution or, by operation of law, there is a reduction as a result of its fraud, wilful default, negligence or breach of trust.

9.2 Investment Management Agreement

Management Services

Under the Investment Management Agreement, the Investment Manager has been delegated the day-to-day control over the REIT and its controlled entities (the **Group**) and the Group's portfolio of assets, subject to the supervision and control of the Responsible Entity and the terms of the agreement.

Services to be provided by the Investment Manager to the REIT and its controlled entities (the **Services**) include investment management services with respect to dealings in the Group's assets, management of the equity and debt financing of the Group, day-to-day management of the Group's secretarial, accounting, administrative and reporting, management of auditors, advisers and other consultants, Unitholder relations and meetings, management of all compliance and contractual requirements, including with respect to ASX listing obligations, preparation of an operating plan (including a budget) for the Group for each financial year, and other services agreed by the Investment Manager and the Responsible Entity. The Investment Manager is not required to provide any Services to the extent to that they would comprise services or activities that would require the Investment Manager to hold an Australian Financial Services Licence or that the Responsible Entity cannot delegate to the Investment Manager under law. The Property Manager will separately provide property management services to the Responsible Entity and the Group under the Property Management Agreement.

The Investment Manager must act in accordance with the requirements of the REIT's investment policy and any applicable legal and other requirements. The Responsible Entity may at any time overrule the Investment Manager to the extent that the Responsible Entity believes doing so is necessary or advisable to comply with any applicable requirement or in the best interests of the Unitholders. The Investment Manager must also seek the approval of the Responsible Entity before incurring any expenditure in excess of the lower of $200,000 and 10% of the expenditure which has been agreed by the Responsible Entity in an annual operating plan for the relevant financial year and entering into any contract in the name of the Responsible Entity or any Group member to acquire or dispose of any asset for a consideration in excess of $5,000,000 (whereby both thresholds are increased annually by 5%).

Exclusivity

During the term of the Investment Management Agreement, the Responsible Entity must not appoint any other party to perform the Services except where it is necessary to comply with applicable law or regulation, the terms of the REIT's financing arrangements or other applicable requirements, or as otherwise permitted by the Investment Manager. The Investment Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the Investment Management Agreement.

Right of first offer

The Investment Manager intends to first offer to the Responsible Entity any opportunity to acquire an investment in convenience real estate assets that the Investment Manager identifies or its associates (including the Responsible Entity), or any of their officers, directors, or employees (acting in that capacity), identify and which falls within the REIT's investment strategy (subject to certain exceptions, including where the opportunity is subject to third party rights or the Investment Manager or the HomeCo Group would be in breach of any law or document to do so).

Term and termination

The Investment Management Agreement commences on Completion.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Investment Manager or the Responsible Entity by giving at least 12 months' notice prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Investment Manager equal to two years' management fees determined as at the date of expiry or termination of the Investment Management Agreement.

Manager's termination rights

The Investment Manager can terminate the Investment Management Agreement:

- at any time on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 90 days of written notice from the Investment Manager;
  - the Responsible Entity commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Investment Manager has provided notice to the Responsible Entity of each individual breach within 30 days of becoming aware of the relevant breach);
  - the Responsible Entity is insolvent (and is not replaced by another trustee within 60 days of becoming insolvent);
  - the REIT is insolvent; or
  - without prior written approval of the Investment Manager, there is a change in a person having, or a person gaining control of the ability to remove the Responsible Entity or the REIT, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Investment Manager becoming aware of the change of control).

In addition, the Investment Manager can terminate the agreement on 20 business days' notice where there is a variation to the investment policy of the REIT, and the Investment Manager considers the variation will have a material effect on the Investment Manager's obligations, liability or risk under the agreement.

Termination by the Investment Manager in these circumstances will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees determined as at the date of expiry or termination of the Investment Management Agreement

Responsible Entity's termination rights

The Responsible Entity can terminate the Investment Management Agreement:

- on 60 days' notice to the Investment Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or

- immediately if:
    - a change in a person having, or person gaining control of the ability to remove the Responsible Entity, the Responsible Entity being replaced by a trustee who is not a member of the HomeCo Group, the winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control); or
    - the Investment Manager ceases to be a member of the HomeCo Group (provided that notice of termination is provided within 90 days of the Responsible Entity becoming aware of the Investment Manager ceasing to be a HomeCo Group Member),

and in these circumstances, a compensation amount equal to 24 months' management fees (calculated based on the consolidated GAV) under the agreement will be payable to the Investment Manager; or

- immediately if:
    - there is a material default of the agreement by the Investment Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
    - the Investment Manager commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Investment Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
    - the Investment Manager is insolvent and is not replaced by the HomeCo Group with another manager within 60 days of becoming insolvent,

and in these circumstances, no compensation amount will be payable to the Investment Manager.

Fees

The Investment Manager is entitled to receive a management fee of 0.65% per annum of the GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.

The Investment Manager is also entitled to:

- an acquisition fee of 1.00% of the purchase price of any assets directly or indirectly acquired by the REIT in proportion to the REIT's economic interest in the asset; and
- a disposal fee of 0.50% of the sale price of any assets directly or indirectly disposed of by the REIT in proportion to the REIT's economic interest in the asset

Units in lieu of management fees

The management fees described above may be paid to the Investment Manager in cash or Units or a combination (at the election of the Investment Manager). If the Investment Manager elects to receive Units, it may require some or all of the Units to be issued to a nominee of the Investment Manager. The issue of Units is subject to the requirements of the Corporations Act and the Listing Rules.

If the Investment Manager elects to receive Units with respect to some or all of a management fee amount (plus any GST payable in respect of that amount), the number of Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the volume weighted average price of the Units during the period of 5 trading days up to the end of the relevant month to which the management fee relates.

Costs and expenses

The Investment Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Investment Manager (whether on its own behalf or on behalf of the Responsible Entity, a Group Member, or the Custodian) other than its own overhead, administrative or salary expenses incurred in the ordinary conduct of its business or expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager or any officer, employee, delegate, agent or contractor of the Investment Manager. The Investment Manager must seek the approval of the Responsible Entity where expenditure would exceed the prescribed thresholds.

If the Investment Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the Responsible Entity (or Group Member Custodian) that would not customarily be provided by the Investment Manager, the Responsible Entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the Responsible Entity.

Conflicts and use of associates

The Investment Manager must establish protocols for the prevention and management of conflicts.

The Investment Manager may, in connection with the Investment Management Agreement, invest in, deal with or engage the services of the Investment Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Responsible Entity.

Indemnities

The Investment Manager indemnifies the Responsible Entity, the Group and their respective employees, officers, delegates, agents and contractors on demand against any direct expenses reasonably incurred by the aforementioned indemnified parties that arise from the gross negligence, fraud, wilful misconduct or dishonesty of the Investment Manager.

The Responsible Entity indemnifies the Investment Manager and its associates on demand against any direct expenses reasonably incurred by the Investment Manager in connection with the provision of the Services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Manager

9.3 Property Management Agreement

Property management services

The Responsible Entity has appointed the Property Manager to act as the property manager of the Group's properties under the Property Management Agreement.

The Property Manager has been delegated all powers necessary to carry out its obligations under the Property Management Agreement to manage each Group's properties, including each property in the Portfolio, by providing:

- property management services, which include day-to-day management, maintenance, strategic and operational decision making in connection with the properties, preparation of property business plans, budgets and reports, billing and collection of rental and other amounts and managing disbursements, conducting and processing rent reviews, management of leases and other property-related contracts and tenant and regulatory compliance, management of service, repair and maintenance works and tenant improvements, property marketing, leasing and tenant liaison and other services generally performed by a property manager whilst using commercially reasonable efforts to maximise revenues and minimise operating costs; and

- development management services, which include evaluation of the capital potential of properties, preparation of development proposals, management of building and works approvals, management capital expenditure, implementation and management of capital works, and other services generally performed by a development manager.

The Property Manager will provide the services subject to the supervision and control of the Responsible Entity and the terms of the agreement.

Exclusivity

During the term of the Property Management Agreement, the Responsible Entity must not appoint any other party to perform the services except where it is necessary to comply with applicable law or regulation or other applicable requirements or as otherwise permitted by the Property Manager if the Responsible Entity approves of the appointment.

The Property Manager may appoint other parties to assist with the delivery of all or part of the services under the agreement. In the event that delivery of all or part of the services under the agreement is outsourced, the REIT will not pay for this cost twice.

The Property Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the agreement.

Term and termination

The Property Management Agreement commences on Completion.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Property Manager or the Responsible Entity at least 12 months prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to expiry of the term.

The agreement will not automatically apply to a new property in which the REIT holds, directly or indirectly, less than a 50% interest. The agreement may also be terminated by the Property Manager or the Responsible Entity on the sale of an individual property or the securities in any entity which directly or indirectly owns a property. The agreement may also be terminated with respect to a property in circumstances where a property is destroyed, or a property is damaged so that the property is unfit or substantially unfit for the Property Manager to perform its obligations under the agreement.

Property Manager's termination rights

The Property Manager can terminate the Property Management Agreement:

- on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the Assets to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Property Manager;
  - the Responsible Entity commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Property Manager

has provided notice to the Responsible Entity of each individual breach within 30 days
of becoming aware of the relevant breach);

  - the Responsible Entity is insolvent (and is not replaced by another trustee within 30 days of becoming insolvent);
  - a Group entity is insolvent; or
  - without prior written approval of the Property Manager, there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Property Manager becoming aware of the change of control).

Note that in the case of default or the insolvency of a Group entity, the Property Manager's termination right can be exercised in relation to the individual property in respect of which the default or insolvency has occurred or in respect of the whole agreement (at the election of the Property Manager).

Termination of the agreement by the Property Manager in these circumstances (other than where the Property Manager has terminated without cause by giving 90 days' notice) gives rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to termination.

Responsible Entity's termination rights

The Responsible Entity can terminate the Property Management Agreement:

- on 60 days' notice to the Property Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control),

and in these circumstances, a compensation amount equal to two times the fees paid under the agreement in the 12 months up to termination will be payable to the Property Manager; or

- immediately if:
  - there is a material default of the agreement by the Property Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
  - the Property Manager commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Property Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Property Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent.

Termination in respect of development management services

If the agreement is not renewed or terminated, the Property Manager will continue to perform and be paid for development management services in respect of any approved development works that are ongoing at the time of termination, until completion of those works (on the condition that the Property

Manager will be required to enter into an agreement with the Responsible Entity in respect of those development works with the same rights and obligations as the Property Manager Agreement (subject to any amendments reasonably required by the Responsible Entity)).

Fees

Unless the Property Manager has appointed other parties to assist with the delivery of all or part of its services, the Property Management fees payable to the Property Manager will be as follows:

- **Property Management Fee**: 3% of gross income for each property for each month;
- **New Tenant Lease Fee**: 15% of the Face Rent for the first year of a lease term where the tenant is new to the Property (excluding new leases entered into with existing tenants pursuant to renewals and options that relate solely to them continuing leasing their current tenancy in the Property);
- **Lease Renewal Fee**: 7.5% of the Face Rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the Property;
- **Lease Administration and Design Fees**: charge on a cost recovery basis, unless payable by the tenant; and
- **Development Management Fee**:
    - 5% of the total development costs in relation to the first $2.5 million of relevant project costs; and
    - 3% for all costs thereafter

The Property Manager's fees will be benchmarked and independently reviewed against market fees at the five year anniversary from commencement of the Property Management Agreement in the initial term and on commencement of any successive term. If the Property Manager's fees are considered to be outside of market ranges, the parties will either agree to a revision to market based fees or refer the review of fees to expert determination (if they cannot agree).

Costs and expenses

The Property Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Property Manager other than expenses that arise as a result of the gross negligence, fraud, wilful misconduct or dishonesty of the Property Manager or any officer, employee, delegate, agent or contractor of the Property Manager. The Property Manager must seek the approval of the Responsible Entity where expenditure is not within budget and the expenditure would exceed any relevant specified thresholds.

The Property Manager is also entitled to recover staff salary, salary on-costs, travel and office operating expenses associated with on-site management, operations, marketing and administration of any property and any off-site accounting, management, IT and operational costs directly related to any property.

The Property Manager is also entitled to recover the costs of advisers and consultants (including town planners, urban designers, architects, surveyors, engineers, traffic consultants, quantity surveyors, economic impact assessment, legal advisers, etc.) to assist with the development services and activities, including evaluation of the development potential of properties, preparation of development proposals and approvals, and implementation and management of development works.

If the Property Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the Responsible Entity (or Group Member or Custodian) that would not customarily be provided by the Property Manager, the Responsible

Entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the Responsible Entity.

Use of associates

The Property Manager may, in connection with the agreement, invest in, deal with or engage the services of the Property Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Responsible Entity.

Indemnities

The Property Manager indemnifies the Responsible Entity, the Group and their respective employees, officers, delegates, agents and contractors on demand against any expenses incurred by the Responsible Entity to the extent they arise out of:

- a breach of, or non-compliance with, the Property Management Agreement by, the Property Manager, employee or officer of the Property Manager (except any employees or officers who are acting in their capacities as employees or officers of the Responsible Entity or a Group Member) or any agent or delegate appointed by the Property Manager;
- the default, negligence, fraud, wilful misconduct or dishonesty of the Property Manager (except any employees or officers who are acting in their capacities as employees or officers of the Responsible Entity or a Group Member) or any agent or delegate appointed by the Property Manager; or
- insolvency of the project manager.

The indemnity provided by the Property Manager above does not apply to expenses caused by the Responsible Entity, Group Members, and their respective employees, officers, delegates, agents, and contractors due to:

- a breach of, or non-compliance with, the Property Management Agreement; or
- the negligence, fraud, wilful misconduct, or dishonesty of those same parties.

The Responsible Entity indemnifies the Property Manager and its associates against any direct expenses reasonably incurred by the Property Manager in connection with the provision of the services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Property Manager.

9.4 Sale Contracts - Properties in Queensland (other than Coomera City Centre), Western Australia and Victoria

Each Property in Queensland, Western Australia and Victoria (other than Coomera City Centre) will be acquired by HomeCo Daily Needs REIT under a separate sale contract.

Each contract will be conditional upon the Capital Reduction Resolution being passed at the Meeting (other than in relation to Hawthorn East, which is subject to the additional condition summarised in section 13.11 below). Subject to relevant conditions being fulfilled, each contract of sale will be completed on or around 19 November 2020, the business day after the Meeting at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current registered owners of the relevant Property. HomeCo Daily Needs REIT will take title to each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. HomeCo Daily Needs REIT also indemnifies the vendor(s) of all actions, claims and liabilities relating to or arising from the ownership of the Property on and after completion of the contract. Any business name or domain name associated with the Property, as well as the HomeCo brand, will be transferred to, or licensed to, HomeCo Daily Needs REIT from Completion. Legal title in each Property will be transferred to the Custodian on Completion.

For Ellenbrook and Richlands properties, HomeCo Daily Needs REIT will acquire each property under a separate sale contract and, under the Property Management Agreement, the Property Manager will complete the development or re-development of the property

9.5 Sale Contracts - Properties in New South Wales (other than Glenmore Park Town Centre and Gregory Hills Town Centre)

Each Property in New South Wales (other than Glenmore Park Town Centre and Gregory Hills Town Centre) will be acquired by HomeCo Daily Needs REIT under a separate sale contract, whereby the units in the sub-trust which holds the relevant Property will be transferred to HomeCo Daily Needs REIT.

Each contract will be conditional upon the Capital Reduction Resolution being passed at the Annual General Meeting. Subject to condition being fulfilled, each contract of sale will be completed on or around 19 November 2020, the business day after the Annual General Meeting at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current owners of the units in relevant sub-trust which owns the relevant Property. HomeCo Daily Needs REIT will take title to the units in the sub-trust holding each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. Any business name or domain name associated with the Property, as well as the HomeCo brand, will be transferred to, or licensed to, HomeCo Daily Needs REIT from Completion. Legal title in the units in each sub-trust will be transferred to the Custodian on Completion.

9.6 Acquisition Agreements (Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre)

Glenmore Park Town Centre NSW

On 23 September 2020, Village Fair Glenmore Park Pty Limited as trustee of the Glenmore Park Unit Trust (as vendor) and HCL entered into a sale contract for the property for a total purchase price of $150,000,000 which is exempt from GST as it will be sold as a going concern. HCL has paid deposits totalling $7,500,000, with the balance of $142,500,000 (subject to normal settlement adjustments) to be paid on settlement which will take place on or before 30 November 2020. HCL has a right to extend the date for settlement to a date no later than 29 January 2021, by notice given no later than 23 November 2020.

The vendor provides a rent guarantee, capped at $1,500,000 based on a GST exclusive guarantee income of $10,467,903 for the 12 month period following Completion. The guarantee (paid monthly in arrears, with 12 month reconciliation) is based on actual income received and is also to be used towards incentives that the vendor and purchaser agree to be granted to secure new tenants during the 12 month period.

HCL will at least 7 days prior to Completion, direct that title to the property be transferred on settlement to one of the named entities in the contract, being the Custodian or HomeCo DNR (Glenmore Park) Pty Ltd as trustee of the HomeCo DNR (Glenmore Park) Property Trust.

Gregory Hills Town Centre, NSW

On 25 September 2020, The Trustees of the Marist Brothers (as vendor), GH Town Centre Pty Limited (as head lessee) and HCL entered into a sale contract for the property for a total purchase price of $68,940,000 which is exempt from GST as it will be sold as a going concern. HCL has paid deposits totalling $3,447,000, with the balance of $65,493,000 (subject to normal settlement adjustments) to be paid on settlement which will take place on or before 30 November 2020.

HCL will no later than 12.00pm on 23 November 2020, direct that title to the property be transferred on settlement to one of the named entities in the contract, being the Custodian or HomeCo DNR (Gregory Hills TC) Pty Ltd as trustee of the HomeCo DNR (Gregory Hills TC) Property Trust. Separately, HCL will direct that the head lease interest held by GH Town Centre Pty Limited be transferred to either of EQT Australia Pty Limited or HomeCo DNR (Gregory Hills TC) LeaseCo Pty Ltd.

Coomera City Centre, QLD

On 14 October 2020, Lewani Springs Resort Pty Ltd as trustee for The Lewani Springs Resort Trust and HCL entered into put and call option with an agreed form of sale contract for the property for a total purchase price of $57,000,000 which is exempt from GST as it will be sold as a going concern. HCL has paid an option fee of $10.00 and a security deposit totalling $1,000,000, which will be applied towards the $2,850,000 deposit payable under the contract on exercise of the call or put option.

On entry into the contract, the balance of $54,150,000 (subject to normal settlement adjustments) is to be paid on settlement which will take place 7 days after exercise of the call or put option (but no earlier than 15 November 2020).

HCL will nominate either the Custodian or HomeCo DNR (Upper Coomera CC) Pty Ltd as trustee of the HomeCo DNR (Upper Coomera CC) Property Trust to exercise the call option and enter into the contract to acquire the property. The call option period expires on 4 December 2020 and the put option period expires on 11 December 2020.

9.7 Summary of the Voluntary Escrow Deed

Approximately 129 million Units held by HomeCo at Completion will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below (**Escrowed Units**).

HCL and HCDL have entered into a voluntary escrow deed in respect of their Escrowed Units, which prevents them from dealing in their Escrowed Units 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 Units or any legal, beneficial or economic interest in the Escrowed Units or to create or agree or offer to create any security interest in the Units. HCL and HCDL will still be able to vote on resolutions of Unitholders and receive distributions.

Following Completion, Escrowed Units held by HCL and HCDL will be subject to escrow from Completion until 4.15pm on the first anniversary of Completion.

HCL and HCDL may be released early from these escrow obligations to enable:

- them to accept an offer under a bona fide takeover bid in respect of all or a proportion of the Units, provided that the holders of at least half of the Units 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 Units held by HCL and HCDL to be transferred or cancelled as part of a scheme of arrangement relating to HomeCo Daily Needs REIT; or
- HCL and HCDL to participate in an equal access unit buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act).

During the escrow period, HCL and HCDL may deal in any of their Escrowed Units 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 a takeover, if the offer is conditional, HCL and HCDL agree in writing that the holding lock will be applied for each Escrowed Unit that is not bought by the bidder under the off market takeover bid; or
- in the case of a merger by scheme of arrangement, HCL and HCDL agree in writing that the holding lock will be applied if the merger does not take effect.

9.8 Financial Advisory Mandate Letter

HomeCo has entered into a financial advisory mandate letter with Goldman Sachs and Macquarie Capital (together, the **Financial Advisors**) relating to their appointment as financial advisor in respect of the Capital Distribution and the Proposal (**Mandate**).

Under the terms of the Mandate, HomeCo has agreed to pay each Financial Advisor a fee of $1.5 million, which is payable on implementation of the Proposal.

Subject to certain exclusions relating to, among other things, recklessness, fraud, wilful misconduct or gross negligence by the Financial Advisors (and certain affiliated parties), HomeCo indemnifies each Financial Advisor (and certain affiliated parties) against all losses suffered directly or indirectly, or claims made against the Financial Advisor (or certain affiliated parties), in connection with the Capital Distribution or other conduct in connection with their engagement described in the Mandate.

9.9 Impact of the Proposal on incentive scheme arrangements

HomeCo currently operates two incentive schemes for employees and non-executive Directors. These comprise the Employee Equity Plan (**EEP**) and the Non-Executive Director Equity Plan (**NEDEP**).

As at the date of this Explanatory Memorandum, a total of 899,983 rights to acquire Securities have been granted to participants under the EEP and NEDEP on the following terms:

Type of Rights	Number on issue	Vesting date
COVID-19 Rights[1]	225,356	30-Sep-22
Performance Rights - Employee Grant[2]	300,000	14-Oct-22
Performance Rights - LTIP[3]	374,627	27-Aug-22

Notes

1. 1. On 25 August 2020, Home Consortium granted 225,356 share rights as compensation for the reduction in cash remuneration for Directors and other key management personnel during the financial year ended 30 June 2020 due to the COVID-19 pandemic.
2. 2. IPO Employee Grant.
3. 3. FY20 LTIP.

Each right confers on the holder the right to acquire one Security upon the satisfaction of the relevant vesting conditions and exercise of the right.

In order to preserve the overall value of the rights following the Capital Distribution, and to ensure that participants are not disadvantaged by the Capital Distribution, the Board has decided that, subject to the Proposal becoming effective, it will grant participants additional rights. The number of rights will be calculated using the methodology approved by the Board, which is based on the average market price of Securities prior to the Capital Distribution and the relative value of the Securities and Units following the Capital Distribution.

The grant of additional rights to each participant will be made shortly after implementation of the Proposal on substantially the same terms as the participant's existing rights as set out above. The Proposal will not impact the terms under which the participant's existing rights are held under the EEP or NEDEP. The existing rights will remain on foot until they vest, following which they will convert to Securities.

9.10 Transaction costs

The total expenses of the Proposal payable by HomeCo and HomeCo Daily Needs REIT are estimated at approximately $44.7 million of which approximately $21.4 million relates to stamp duty and transfer duty. It also includes equity capital raising costs, advisory, legal, accounting, listing and other administrative fees, as well as printing, advertising and other expenses. If the Proposal is implemented, HomeCo Daily Needs REIT will be responsible for payment of all of the transaction costs related to the Proposal. If the Proposal does not proceed, HomeCo will be responsible for $5.2 million of transaction costs.

9.11 Overseas Securityholders

The Capital Distribution to overseas Securityholders will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Securityholder is resident are held to restrict or prohibit the distribution of Units as proposed or would impose on HomeCo an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on HomeCo an undue burden, the Units that would otherwise be transferred to the relevant Securityholder will be issued to a sale agent, who will sell those Units and the proceeds (net of costs and any withholding tax) will be remitted to such Securityholder.

As the Capital Distribution is being carried out by way of an in specie distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Securityholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each Securityholder to comply with the laws to which they are subject in the jurisdiction in which they are resident.

9.12 Tax file numbers and Australian Business Numbers

Under the Australian tax law, certain companies and trusts are entitled to ask their securityholders who have a tax file number (**TFN**) or where relevant, Australian Business Numbers (**ABN**), to disclose it to the company or trust. Generally, TFNs are only held by securityholders who are either Australian residents or non-residents who file an Australian tax return, and ABNs are held by entities who are carrying out an enterprise in Australia. A Securityholder can choose to disclose or not to disclose their TFN or ABN.

If a Securityholder chooses not to disclose their TFN or ABN to the company or trust, the company or trust is generally required by the tax law to withhold tax, at the top marginal tax rate plus Medicare levy (being 47% as at the date of this Explanatory Memorandum), on any dividends or distributions paid to a resident Securityholder. If the tax withheld by the company or trust is more than the Securityholder would have paid in tax, the Securityholder must wait until they lodge an income tax return before being entitled to a refund of any excess tax withheld from the payment. On the other hand, if a Securityholder chooses to disclose their TFN or ABN, the company or trust does not have to withhold any tax from any dividends or distributions paid to the resident Securityholder.

HomeCo (or the share registry of HomeCo) proposes to transfer the TFNs or ABNs provided to HomeCo by Securityholders to HomeCo Daily Needs REIT (or HomeCo Daily Needs REIT registry) on behalf of Securityholders in respect of their tax affairs so that HomeCo Daily Needs REIT will not be required to withhold tax from any distributions to Australian resident securityholders.

However, a Securityholder may request that HomeCo (or the Registry) not transfer that Securityholder's TFN or ABN to HomeCo Daily Needs REIT (or HomeCo Daily Needs REIT registry). If a Securityholder does not advise that they do not wish their TFN or ABN to be disclosed and collected in accordance with the process discussed above, they are deemed under the terms of the Proposal to agree to such disclosure and collection of their TFN or ABN. Any Securityholder wishing to request that their TFN or ABN not be forwarded to HomeCo Daily Needs REIT should contact the HomeCo Securityholder Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays).

9.13 ASX waivers / confirmations

ASX has confirmed its willingness to grant the following waivers and confirmations of the Listing Rules in connection with the Proposal:

- a waiver from Listing Rule 7.1 to the extent necessary to permit the issue of Securities in connection with carrying out the Capital Distribution and Offer without security holder approval on the condition that the Capital Distribution is approved by the Securityholders;
- confirmation from ASX that the Capital Distribution complies with Listing Rule 7.17;
- confirmation under Listing Rule 7.40 that the proposed timetable is acceptable to ASX;
- a waiver from Listing Rule 10.11 to permit the issue of the Securities under the Capital Distribution and the Offer, as well as a one-off grant of rights over Securities, to directors of the RE and other related parties without the approval of securityholders of Home Consortium on the condition that the Capital Distribution is approved by Securityholders and that the related parties participate in the Capital Distribution and/or offer of Securities in HomeCo Daily Needs REIT on the same basis as other Securityholders; and
- confirmation that the proposed Capital Distribution, Distribution and Offer does not require the approval from Securityholders for the purposes of Listing Rule 11.1 on the basis that the Capital Distribution is conditional up on the approval of Securityholders.

9.14 Interests of HomeCo Directors

The number of Securities held directly, indirectly or beneficially by Directors or their related entities as at the date of this Explanatory Memorandum and the number of Units this will equate to under the Capital Distribution are set out below:

Director	HomeCo Stapled Shares	Implied Units
David Di Pilla	37,310,930	37,310,930
Christopher Saxon	175,776	175,776
Zac Fried	24,536,064	24,536,064
Greg Hayes	10,190,683	10,190,683
Jane McAloon	165,175	165,175
Brendon Gale	231,871	231,871
Kelly O'Dwyer[1]	0	0

Note: Subject to Resolution 2 being passed by the requisite majority of Securityholders.

Other than as disclosed in this Explanatory Memorandum, the Directors will not receive any payment or other benefit in connection with the Proposal.

9.15 Other legal requirements

Under ASIC Regulatory Guide 188, an invitation to Securityholders to vote on the Capital Distribution Resolution for the in specie distribution of Units to Securityholders constitutes an "offer" of securities under Part 7.9 of the Corporations Act and a product disclosure statement is required unless an exemption applies. As no exemption applies, HomeCo has, together with HomeCo Daily Needs REIT, prepared the PDS that contains information in relation to HomeCo Daily Needs REIT and the Offer. The issuer of the PDS with respect to the offer of securities under the Capital Distribution is HomeCo. The Responsible Entity, as responsible entity of HomeCo Daily Needs REIT is the issuer of the PDS with respect to the Offer.

9.16 Securities restrictions

This Explanatory Memorandum does not constitute an offer to any person in the United States, any US person (as such term is defined in Regulation S under the U.S. Securities Act of 1933) (**U.S. Person**), or any person acting for the account or benefit of a U.S. Person. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered under the Securities Act or exempt from registration.

10. GLOSSARY

ABN	Australian Business Number.
Acquisition Agreements	The acquisition agreements related to the Acquisitions as detailed in Section 9.6.
Acquisitions	The acquisition of properties in Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre under the Acquisition Agreements.
Adjusted NTA	Net tangible assets adjusted to exclude the lease mitigation account, leasehold investment properties, leasehold liabilities, and deferred tax assets.
AFSL	Australian Financial Services Licence.
Allotment	The allotment of Units following acceptance of an Application.
Applicant	A person who submits an Application.
ASX	means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the case may be.
ATO	Australia Taxation Office.
Audit and Risk Committee	The committee established by the Board to assist it in carrying out its accounting, auditing and financial reporting responsibilities, as set out in Section 5.7.4 of the PDS.
Australian Accounting Standards or AAS	Australian Accounting Standards and other authoritative pronouncements issued by the AASB.
Board or Board of Directors	The board of Directors of HomeCo.
Business Day	A day on which ASX is open for trading in securities and banks are open for general business in Sydney, NSW.
Capital Distribution	The distribution of Units in specie to holders of Securities on the Capital Distribution Record Date by HomeCo as described in this Explanatory Memorandum.
Capital Distribution Date	The date that Units are distributed to eligible HomeCo Securityholders under the Capital Distribution, being 26 November 2020.
Capital Distribution Record Date	The date for determining entitlement to Units by Securityholders under the Capital Distribution, being 7.00pm (Sydney time) on 24 November 2020.
Capital Distribution Resolution	The ordinary resolution to approve the Capital Distribution under section 256C(1) of the Corporations Act, to be considered by Securityholders at the Meeting, the form of which is set out in the Notice.

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.
Completion	Completion of the Proposal, being the transfer of Units under the Capital Distribution, and the allotment and issue of Units by the Responsible Entity, having occurred.
Completion Date	The date on which Completion is expected to occur, being 26 November 2020.
Constitution	The constitution of the REIT.
Corporations Act	The *Corporations Act 2001* (Cth).
CPI	The consumer price index, an index used to measure changes in the price level of market basket of consumer goods and services purchased by households.
Debt Facility	The borrowing of money by, and other financial accommodation provided to, HomeCo Daily Needs REIT.
Director	A director of HomeCo.
Distribution Yield	The rate of return derived by dividing the Distribution per Unit by the Offer Price.
Dollar, $ or A$	Australian dollars, the lawful currency of the Commonwealth of Australia.
EEP	Employee Equity Plan.
Escrowed Units	The 128,613,273 Units the subject of voluntary escrow pursuant to the Voluntary Escrow Deed.
Explanatory Memorandum	This explanatory memorandum which forms part of the Notice.
Face Rent	The yearly amount of the gross base face rent, percentage or turnover rent, contributions towards or reimbursement of recoverable operating expenses and any other amounts payable under a lease by a tenant, excluding any incentives and GST.
FFO	Funds from operations.
Financial Information	The financial information described as Financial Information in Section 5.
Forecast financial Information	The forecast financial information described as Forecast Financial Information in Section 5.
GLA	Gross lettable area.
Goldman Sachs	Goldman Sachs Australia Pty Ltd (ACN 006 797 897).

GST	Goods and Services Tax
HCDL	Home Consortium Developments Limited (ACN 635 859 700).
HCL	Home Consortium Limited (ACN 138 990 593).
HCL Share	A fully paid ordinary share in HCL.
Health & Services	Properties devoted predominately to healthcare and wellness & lifestyle services tenants.
HIN	Holder Identification Number.
HomeCo	The stapled entity Home Consortium, consisting of Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700).
HomeCo Daily Needs REIT or **REIT**	HomeCo Daily Needs REIT (ARSN 645 086 620).
HomeCo Group or **the Group**	means HomeCo and its controlled entities.
HomeCo Security	A stapled share in HomeCo, comprising one ordinary share in HCL and one ordinary share in HCDL.
HomeCo Securityholder	A holder of a HomeCo Security.
Implementation Date	The date on which the Distribution will occur, expected to be 26 November 2020.
Implementation Deed	The implementation deed between Home Consortium and the Responsible Entity, as described in Section 9.1.
Institutional Offer	The invitation to institutional investors under the PDS to acquire Units.
Investment Management Agreement	The Investment Management Agreement between the Responsible Entity and the Investment Manager in respect of HomeCo Daily Needs REIT, as described in Section 9.2.
Investment Manager	HomeCo DNR Investment Management Pty Ltd (ACN 644 510 583).
Large Format Retail or LFR	Comprises multi-tenanted centres which includes (but is not limited to) homewares & electrical, hardware, furniture, bedding and other bulky goods tenants.
Listing Rules	The listing rules of ASX.
Macquarie Capital	Macquarie Capital (Australia) Limited (ACN 123 199 548).
Management Agreements	Comprises the Investment Management Agreement and the Property Management Agreement.
Managers	The Investment Manager and the Property Manager.

Meeting	The Annual General Meetings of shareholders of Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700) to be held in conjunction with each other on 18 November 2020 at 10.30am (Sydney time).
Model Portfolio	Has the meaning as described in Section 6.4.
MoU	Memorandum of understanding.
NEDEP	Non-Executive Director Equity Plan.
Neighbourhood Retail	Retail centres with a supermarket anchor and other retail convenience stores that service daily needs.
Notice	The notice of meeting for the Annual General Meeting which accompanies this Explanatory Memorandum.
NSW	New South Wales.
NTA	Net tangible assets.
Offer	The offer of Units under the PDS to raise up to $300 million.
Offer Price	$1.33 per Unit.
PDS	The product disclosure statement prepared and issued by the Responsible Entity as responsible entity of HomeCo Daily Needs REIT (in relation to the Offer) and HomeCo (in relation to the Capital Distribution) under Part 7.9 of the Corporations Act dated 16 October 2020.
Portfolio	The Operating Portfolio and Development Portfolio.
Pro Forma Historical Financial Statement of Financial Position	Has the meaning given in Section 5.1.
Pro Forma Historical Financial Statement of Financial Position	Has the meaning given in Section 5.1.
Property	An individual centre to be included in the portfolio of HomeCo Daily Needs REIT.
Property Management Agreement	The Property Management Agreement between the Responsible Entity and the Manager in respect of HomeCo Daily Needs REIT, as described in Section 9.3.
Property Manager	HomeCo DNR Property Management Pty Ltd (ACN 644 510 707).
Proposal	The proposal to establish HomeCo Daily Needs REIT as a separately listed entity, by way of the implementation of the Capital Distribution, Offer and various other key steps described in this Explanatory Memorandum and the PDS.

QLD	Queensland.
Registry	Link Market Services Limited (ACN 083 214 537).
Regulation S	Regulation S promulgated under the US Securities Act.
Responsible Entity	HMC Funds Management Limited (ACN 105 078 635) (AFSL 237257) as responsible entity of HomeCo Daily Needs REIT.
SA	South Australia.
Sale Contracts	The land sale contracts and unit transfer agreements relating to the transfer of Properties from HomeCo to HomeCo Daily Needs REIT, as described in Sections 9.4 and 9.5.
Section	A section of this EM.
Security	A fully paid ordinary stapled security in the Company.
Securityholder	A holder of Securities.
sqm	Square metres.
SRN	Securityholder Reference Number.
Sydney Time	The official time in Sydney, Australia.
Tax Act	The Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997, as applicable.
TFN	Tax File Number.
Unit	A fully paid ordinary unit in HomeCo Daily Needs REIT.
Unitholder	A holder of Units.
VIC	Victoria.
Voluntary Escrow Deed	The voluntary escrow deed between the Responsible Entity, HCL and HCDL as described in Section 9.7.
WA	Western Australia.
WACR	Weighted average capitalisation rate.
WALE	Weighted average lease expiry.
Woolworths	Woolworths Group Limited (ACN 000 014 675).

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

Auditor
PwC
Tower One, International Towers Sydney
Level 17, 100 Barangaroo Avenue

Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

HomeCo Securityholder Information Line
+61 1800 754 866 (toll free within Australia)

HomeCo Website
https://www.homeconsortium.com.au/

Home Co.
Daily Needs
REIT

Product Disclosure Statement

Product Disclosure Statement in relation to the distribution and Offer of Units in HomeCo Daily Needs REIT (ARSN 645 086 620)

HMC Funds Management Limited
ACN 105 078 635; AFSL 237257

Home Consortium Limited
ACN 138 990 593

Home Consortium Developments Limited
ACN 635 859 700

Joint Lead Managers and Underwriters of the Offer:

Goldman Sachs

MACQUARIE

Joint Lead Managers of the Offer:

JARDEN

morgans

ORD MINNETT

Co-Managers of the Offer:

BELL POTTER

CommSec

E.L.&C. Baillieu

ESCALA

Important information

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR ATTENTION.

It is important that you read this document carefully and in its entirety prior to making your decision with respect to an investment in Units. In particular you should pay careful consideration to the risk factors outlined in Section 7 and the tax implications in Section 11 of this document as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of the Capital Distribution and Offer will vary between investors. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances.

THE ISSUERS

This document is a product disclosure statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act and has been issued by:

- HMC Funds Management Limited (ABN 89 105 078 635, AFSL 237257) (**Responsible Entity**) as responsible entity of HomeCo Daily Needs REIT (ARSN 645 086 620) (HomeCo Daily Needs REIT or the **REIT**) in respect of the Offer of Units; and
- Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700) (together **HomeCo**) in respect of the Capital Distribution.

The Responsible Entity and HomeCo take full responsibility for this PDS.

LODGEMENT AND LISTING

This PDS is dated 16 October 2020 and was lodged with the Australian Securities and Investments Commission (**ASIC**) in accordance with section 1013B of the Corporations Act on that date. The Responsible Entity will apply for the admission of the REIT to the official list of ASX and the quotation of the Units on ASX within seven days of the date of this PDS. Neither ASIC nor ASX takes any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

NOT INVESTMENT ADVICE

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only without consideration for your particular investment objectives, financial circumstances or particular needs. In particular you should pay careful consideration to the risk factors outlined in Section 7 in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest. If you have any queries or uncertainties relating to aspects of this PDS, the Capital Distribution or the Offer please consult your stockbroker, accountant or other independent financial adviser before deciding whether to invest. Similarly the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 11 of this PDS and obtain your own professional taxation advice prior to deciding whether to invest in Units.

EXPOSURE PERIOD

The Corporations Act prohibits the Responsible Entity from processing Applications in the seven day period after the date of lodgement of the PDS (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this PDS to be examined by market participants before the sale of the Units. Applications received during the Exposure Period will not be processed until after the expiry of that 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 the Units pursuant to the Capital Distribution or the Offer.

RIGHTS AND LIABILITIES ATTACHED TO THE UNITS

From the date the Units under the Capital Distribution and Offer are transferred or issued (as applicable), all Units will rank equally in all respects to the Units on issue. Details of the rights and liabilities attached to each Unit are set out in Section 13.1 and in the Constitution of the REIT, copies of which are available for inspection at the registered office of the Responsible Entity within normal trading hours.

ELECTRONIC PDS

An electronic copy of this PDS may be viewed online by Australian and New Zealand investors at NetRoadShow during the Retail Offer period. If you access the PDS electronically please ensure that you download and read the PDS in its entirety. The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia and New Zealand only. It is not available to persons in (i) the United States or (ii) other jurisdictions other than under the Institutional Offer.

A paper form of this PDS can be obtained, free of charge, during the Offer Period by contacting the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays).

Applications for Units under the Offer will only be considered if applied for on an Application Form attached to or accompanied by a copy of this PDS (refer to Section 8 for further information). The Corporations Act prohibits any person from passing the Application Form on to another person unless it is accompanied by this PDS in its paper form or the complete and unaltered electronic form.

OVERSEAS INVESTORS

This PDS has been prepared to comply with the requirements of Australian law and is only being made to Australian and New Zealand resident Retail Investors and Institutional Investors in Australia, New Zealand, Hong Kong, Singapore and Switzerland and any other jurisdictions as determined by the Responsible Entity, HomeCo and, where it concerns the Offer, the Joint Lead Managers.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Distribution of this PDS outside of Australia or New Zealand (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia or New Zealand are required to observe any such restrictions. Failure to comply with securities restrictions may find you in violation of applicable securities laws. No action has been taken to register or qualify the Units, the Capital Distribution or the Offer, or to otherwise permit a public offering of Units in any jurisdiction outside Australia and New Zealand. The Units 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 except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. This PDS may not be distributed in the United States or to any person in the United States. Any person subscribing for Units in the Offer shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS, and are not acting for the account or benefit of a person within such jurisdiction.

None of the Responsible Entity, HomeCo the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate the Offer or, in the case of HomeCo only, the Capital Distribution. See Section 14.7 for further details.

WARNING FOR NEW ZEALAND INVESTORS

The warning statement below is required under the Financial Markets Conduct Regulations 2014 of New Zealand and relates to the Offer and Capital Distribution, which are made pursuant to those Regulations in New Zealand.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

A copy of this PDS, other documents relating to the Offer and Capital Distribution and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at www.business.govt.nz/disclose (offer number, OFR12966). While the Offer and the Capital Distribution is being extended to New Zealand investors under the Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited.

UPDATED INFORMATION

Information regarding the Capital Distribution or the Offer may need to be updated from time to time. Any updated information about the Capital Distribution or the Offer that is considered not materially adverse to investors will be made available on the REIT's website www.home-co.com.au. The Responsible Entity and HomeCo will provide a copy of the updated information free of charge to any eligible investor who requests a copy by contacting the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction to this PDS prior to making any investment decision.

VARIATION OF THE OFFER

At any time prior to the allocation of the Units contemplated in this PDS:

- the Responsible Entity reserves the right in its absolute discretion, without advance notice and without liability, to vary the Offer or its procedures or to postpone or cancel the Offer; and
- HomeCo reserves the right in its absolute discretion, without advance notice and without liability, to vary the Capital Distribution or its procedures or to postpone or cancel the Capital Distribution.

FINANCIAL INFORMATION

Section 6 of this PDS sets out in detail the financial information referred to in this PDS and the basis of preparation of that information.

The Financial Information in this PDS should be read in conjunction with, and is qualified by reference to, the information contained in Section 6. All financial amounts contained in this PDS are expressed in Australian dollars and rounded to the nearest $1,000 unless otherwise stated. Some numerical figures included in this PDS have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this PDS are due to rounding. All fees in the PDS are quoted exclusive of GST unless otherwise stated. All financial information, operational information, and Portfolio statistics contained in this PDS are believed to be current as at the date of this PDS.

NON-IFRS FINANCIAL INFORMATION

Investors should be aware that certain financial data included in this PDS is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Issuers believe this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the REIT. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this PDS. Unless otherwise stated or implied, all pro forma data in this PDS gives effect to the underlying transactions and adjustments at the Completion date referred to in Section 6.

FORWARD-LOOKING STATEMENTS

Certain "forward-looking statements" have been provided in this PDS. These statements can be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Preparation of these forward-looking statements was undertaken with due care and attention, however, forward looking statements remain subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Responsible Entity or HomeCo and their directors, officers, employees, agents and advisers. Consequently, such factors may impact the performance of the REIT or HomeCo such that actual performance differs materially to any performance indicated in the forward looking statements. Some of the risk factors that impact on forward looking statements in this PDS are set out in Section 7. No assurance can be provided that actual performance will mirror the guidance provided. Other than as required by law, none of the Responsible Entity, HomeCo and their respective directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements. The forward looking statements in this PDS reflect the views held only immediately before the date of this PDS, unless otherwise stated. Subject to the Corporations Act and any other applicable law, each of the Responsible Entity, HomeCo and their respective directors, officers, employees and advisers disclaim any duty to disseminate after the date of this PDS any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

INDEPENDENT VALUATIONS

This PDS contains information regarding the independent valuations of the Properties by independent valuers as at 30 September 2020. Valuations are an opinion of the market value payable by a willing buyer at a point in time, not a guarantee of current or future market value. By necessity, valuations require the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser or another valuer. Independent valuations are subject to a number of assumptions and conditions, which are set out in the summary of the valuations in Section 10. Property values can change substantially, even over short periods of time, and an independent valuer's opinion of value could differ significantly if the date of valuation were to change. A high degree of volatility in the real estate market may lead to fluctuations in values over a short period of time.

Important information (continued)

UNDERWRITING AGREEMENT

Goldman Sachs and Macquarie Capital have been appointed by the Responsible Entity as Underwriters to the Offer and, together with Morgans, Ord Minnett and Jarden, as Joint Lead Managers to the Offer. The Underwriting Agreement sets out a number of circumstances where the Underwriters may terminate the agreement and their obligations. For further information on the terms and conditions of the Underwriting Agreement you should refer to Section 13.13. The Capital Distribution is not underwritten and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.

INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent limited review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide are provided in Section 9 of this PDS.

PHOTOGRAPHS, DIAGRAMS AND ARTIST'S RENDERINGS

Photographs, diagrams and artist's renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted to mean an endorsement of this PDS or its contents by any person shown in these images. Furthermore assets not accompanied by a description should not be interpreted as being owned by the REIT. Diagrams used in this PDS are also intended for illustrative purposes only and may not be drawn to scale.

USE OF LOGOS

Where logos and company names are used in the PDS, the logos and company names are trade marks of their respective holders, owners or registered proprietors (**Trade Mark Owners**). Except as otherwise expressed in this PDS, use of these logos and company names in the PDS does not imply any affiliation with or endorsement by the relevant Trade Mark Owner. No Trade Mark Owner has authorised or caused the issue of this PDS, nor has any Trade Mark Owner made any statement in this PDS. Accordingly, no Trade Mark Owner makes any representation regarding, nor takes any responsibility for, any statements or materials in, or omissions from, this PDS.

DEFINITIONS, ABBREVIATIONS AND OTHER INFORMATION

Explanations of defined terms and abbreviations used throughout this PDS can be found in the PDS Glossary (Section 15). Unless otherwise stated or implied, references to times in this PDS are Sydney, Australia time. Similarly, references to dates or years in this PDS are financial years unless otherwise stated or implied.

PRIVACY

By filling out an Application Form to apply for Units under the Offer, you are providing personal information to the Responsible Entity through the Registry that may be personal information for the purposes of the *Privacy Act 1988* (as amended). The Responsible Entity and the Registry on its behalf, collect, hold and use that personal information in order to process your Application. The Responsible Entity may also collect, hold and use that personal information in order to service your needs as a unitholder, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, the Responsible Entity and/or 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 the Responsible Entity, or entities within the REIT which it considers may be of interest to you. Your personal information may also be provided to the Responsible Entity's agents and service providers on the basis that they deal with such information in accordance with their respective privacy policies. These agents and service providers 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 Joint Lead Managers in order to assess your Application;
- 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 REIT's unitholder 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 Units and for associated actions.

The information contained in the Unitholder register must remain there even if that person ceases to be a Unitholder. Information contained in the Unitholder register is also used to facilitate distribution payments and corporate communications (including the REIT's financial results, annual reports and other information that the Responsible Entity may wish to communicate to its Unitholders) and compliance by the Responsible Entity with legal and regulatory requirements. You have a right to gain access to the information that the Responsible Entity and the Registry hold about you, 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 the Responsible Entity's registered office or the Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this PDS.

You can also obtain a copy of the Responsible Entity's Privacy Policy by visiting its website at www.home-co.com.au.

Under the *Privacy Act 1988* (as amended), you may request access to your personal information held by (or on behalf of) the Responsible Entity. 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 telephoning the Registry on +61 1300 554 474. If any of your information is not correct or has changed, you may request it to be corrected. By submitting an Application, you agree that the Responsible Entity and the Registry may communicate with you in an electronic form or contact you by telephone in relation to the Offer.

DISCLAIMER

No person is authorised to give any information, or to make any representation, in connection with the Capital Distribution or the Offer that is not contained in this PDS. Any information or representation that is not in this PDS may not be relied on as having been authorised by the Responsible Entity or HomeCo in connection with the Offer or the Capital Distribution (respectively). Except as required by law, and only to the extent so required, none of the Responsible Entity, HomeCo or the Joint Lead Managers nor any other person, warrants or guarantees the future performance of the REIT or the repayment of capital, or any return on any investment made pursuant to this information. Goldman Sachs and Macquarie Capital have acted as financial advisers to HomeCo in relation to the Capital Distribution. The Underwriters have acted as underwriters of the Offer (and not the Capital Distribution) and the Underwriters and other Joint Lead Managers have acted as joint lead managers of the Offer (and not the Capital Distribution). The Underwriters and the Joint Lead Managers have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this PDS and does not make or purport to make any statement in this PDS and there is no statement in this PDS which is based on any statement by the Underwriters and the Joint Lead Managers. The Underwriters and the Joint Lead Managers and their affiliates, officers, employees and advisers, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this PDS.

FURTHER QUESTIONS

If you have any queries relating to aspects of this PDS please call the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Offer Period.

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Key Information

KEY OFFER STATISTICS

Offer Price	$1.33 per Unit
Offer size	$300 million
Number of Units to be transferred under Capital Distribution	129 million
Number of Units retained by HomeCo	129 million
Number of Units to be issued under the Offer	226 million
Total Number of Units on Issue following Completion[1]	483 million
Market capitalisation at the Offer Price[2]	$642 million
Forecast FY21 annualised Distribution Yield per Unit (based on the Offer Price)	5.5%
Tax treatment of FY21 Distribution	100% tax deferred
NTA per Unit on Completion	$1.33
Offer Price premium to NTA per Unit on Completion	0%
Gearing on Completion[3]	26%

KEY PORTFOLIO STATISTICS[4]

Number of Properties	17
Independent valuation[5]	$844 million
Weighted Average Capitalisation Rate (**WACR**)[6]	5.95%
Gross lettable area (**GLA**)	197,839 sqm
Site area	629,454 sqm
Site coverage ratio[7]	31%
Operating Portfolio Occupancy (by GLA)[8]	98%
Operating Portfolio Weighted Average Lease Expiry (**WALE**)[9]	8.4 years

1. The number of Units on Completion will be the aggregate of the Units available under the Offer, plus the number of Units distributed under the Capital Distribution, plus the number of Units retained by HomeCo.
2. Calculated as the total number of Units on issue following Completion multiplied by the Offer Price.
3. Gearing is calculated as: borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents.
4. Portfolio statistics include all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
5. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
6. By Property value.
7. Ratio of GLA to site area, where GLA does not include carparks.
8. Occupancy does not include Ellenbrook and Richlands.
9. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

IMPORTANT DATES	2020
PDS lodgement date	16 October
Broker Firm Offer and Priority Offer open	27 October
Broker Firm Offer and Priority Offer close	16 November
Annual General Meeting of HomeCo Securityholders	18 November
Last day for HomeCo securities to trade on a “cum return of capital basis”	20 November
HomeCo Daily Needs REIT commences trading on ASX on a conditional and deferred settlement basis	23 November
Capital Distribution Record Date	24 November
Capital Distribution Date	26 November
Issue and allotment of Units under the Offer	26 November
HomeCo Daily Needs REIT commences trading on an unconditional and deferred settlement basis	27 November
Expected dispatch of holding statements	27 November
Expected commencement of trading on the ASX on a normal settlement basis	30 November

The dates above are indicative only and may change without notice. The Responsible Entity and HomeCo reserve the right, with consent from the Underwriters, to vary the times and dates of the Meeting, the Capital Distribution and 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

No action is required under this PDS in respect of the Capital Distribution. No Application Form needs to be completed by an eligible HomeCo Securityholder to receive Units under the Capital Distribution and eligible HomeCo Securityholders will automatically receive Units under the Capital Distribution if it is approved by HomeCo Securityholders at HomeCo's Annual General Meeting. Only eligible HomeCo Securityholders will receive Units under the Capital Distribution.

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

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

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

Further instructions on how to apply for the Units are set out in Section 8 of this PDS and on the back of the Application Form.

If you require a replacement Application Form or have any questions relating to the Capital Distribution or the Offer, please contact the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30 am and 5.30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. You should read this PDS carefully and in its entirety, and seek relevant professional advice before making a decision to invest.

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

Chairman's Letter

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you this opportunity to invest in the HomeCo Daily Needs REIT (**HomeCo Daily Needs REIT** or the **REIT**).

HomeCo Daily Needs REIT will be an Australian Real Estate Investment Trust listed on the ASX that will own convenience focused retail and services assets.

On Completion, HomeCo Daily Needs REIT's portfolio (**Portfolio**) will consist of 15 stabilised, convenience focused assets, with a further 2 properties under development, with an independent valuation of $844 million.[10]

The Portfolio is strategically located with 94%[11] of Properties in metropolitan growth corridors across NSW, VIC, QLD, WA and SA and has a Weighted Average Capitalisation Rate (**WACR**) of 5.95%[12], a Weighted Average Lease Expiry (**WALE**) of 8.4 years[13] and an occupancy rate of 98% (by GLA)[14].

HomeCo Daily Needs REIT is expected to offer Unitholders a number of benefits, including:

- exposure to a high-quality, stabilised convenience focused assets designed to achieve diversification across sectors, tenants and geographies;
- targeting consistent and growing distributions with a forecast FY21 annualised distribution yield (based on the Offer Price) of 5.5% (100% tax deferred);
- a positive growth profile via structural lease escalations, potential acquisition opportunities across target sectors and development opportunities in existing Properties;
- experienced management, with the REIT to be managed by members of the HomeCo Group, an ASX-listed owner, developer and manager of diversified property investments; and
- alignment of interests between HomeCo and HomeCo Daily Needs REIT with HomeCo maintaining an investment of 27% of the total Units on issue, for at least 1 year following the Offer.

The establishment of HomeCo Daily Needs REIT is part of a proposal being put to Home Consortium (**HomeCo** or **HMC**) Securityholders at its Annual General Meeting on 18 November 2020. If approved, HomeCo Securityholders will receive 1 Unit in HomeCo Daily Needs REIT for every 2 Stapled Securities held in HomeCo via a distribution in-specie, resulting in the transfer of approximately 129 million HomeCo Daily Needs REIT Units for nil consideration to HomeCo Securityholders through a HomeCo capital reduction (the **Capital Distribution**).

Information regarding the Capital Distribution is contained in this PDS and an Explanatory Memorandum that will be distributed to HomeCo Securityholders by HomeCo.

In addition to the Capital Distribution by HomeCo, the REIT is undertaking an Offer of approximately 226 million Units to raise approximately $300 million.

The Offer Price is $1.33 per Unit.

The Offer to the public comprises:

- an Institutional Offer, which is open to Institutional Investors in Australia, New Zealand and certain other jurisdictions;
- an offer open to Australian and New Zealand resident retail clients of participating Brokers through the Broker Firm Offer; and
- a Priority Offer, which is open to select investors who have received a personal invitation to participate from HomeCo Daily Needs REIT, which is capped at $15 million.

Members of the public wishing to subscribe for Units under the Offer must do so through the Broker Firm Offer.

Proceeds from the Offer will be used to fund the acquisition of three new properties by HomeCo Daily Needs REIT: Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre (QLD). The Offer proceeds will also be used to fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook, provide HomeCo Daily Needs REIT with working capital, fund the transaction costs associated with the Proposal and provide balance sheet capacity to take advantage of acquisition and development opportunities.

HomeCo Daily Needs REIT has also signed a binding commitment letter with a syndicate of lenders for a new senior secured syndicated Debt Facility totalling $400 million. It is expected that at Completion approximately $231 million of the Debt Facilities will be drawn, including for the acquisition of Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre QLD, leaving approximately $169 million available to be drawn down in the future as part of HomeCo Daily Needs REIT's development and investment strategy. HomeCo Daily Needs REIT's Gearing at Completion is expected to be 26%, with a target Gearing range of 30% to 40%.

10. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
11. Calculated by number of Properties, with 16 out of 17 Properties metro-located.
12. Across all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
13. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
14. Occupancy does not include Ellenbrook and Richlands.

HomeCo Daily Needs REIT will be externally managed. The Responsible Entity, HMC Funds Management Limited, a member of the HomeCo Group, will have responsibility for the governance and oversight of operations of HomeCo Daily Needs REIT. The Responsible Entity has appointed the Investment Manager and Property Manager, also members of the HomeCo Group, to provide certain asset management, investment management, development management, leasing and property management services to HomeCo Daily Needs REIT under the Management Agreements.

HomeCo Daily Needs REIT will maintain an ongoing relationship with HomeCo, given the Responsible Entity, Investment Manager and Property Manager are all members of the HomeCo Group. Two of the Directors of the Responsible Entity are also directors of HomeCo. HomeCo will maintain an investment in HomeCo Daily Needs REIT of approximately 27% of Units on issue, following Completion, which will be subject to a 1 year voluntary escrow arrangement.

The Responsible Entity will have its own majority independent Board consisting of 5 non-executive Directors. The Responsible Entity will determine the appropriate governance arrangements for HomeCo Daily Needs REIT, having regard to market best practice, the ASX Recommendations and ensuring that there are adequate arrangements to manage conflicts.

HomeCo Daily Needs REIT is forecast to achieve an FY21 annualised Distribution Yield per Unit (based on the Offer Price) of 5.5% for the period ending 30 June 2021, with 100% of the proposed distributions expected to be tax-deferred in FY21.

HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised. It is intended that distributions will be paid to Unitholders quarterly. The first distribution is expected to be a pro rata amount based on the period between the date of Completion and 31 March 2021.

An application will be made for HomeCo Daily Needs REIT to be listed, and to have the Units quoted, on the ASX, with a targeted listing date of 23 November 2020.

This PDS contains important information in relation to HomeCo Daily Needs REIT, the Capital Distribution, the Offer, and the risks associated with an investment in HomeCo Daily Needs REIT. You should read this PDS carefully and in its entirety, and seek relevant professional advice before making a decision to invest. The risks associated with an investment in HomeCo Daily Needs REIT are outlined in Section 7.

Should eligible investors have any questions about how to apply for Units, please contact the Offer information line on +61 1800 754 866 (toll free within Australia).

On behalf of the Board of Directors, I thank you for considering this opportunity to invest in HomeCo Daily Needs REIT and I look forward to welcoming you as a Unitholder.

Yours sincerely,

Simon Shakesheff

Independent Non-Executive Chairman

Section 1

Investment
Overview

1 Investment Overview

1.1 Introduction

TOPIC	SUMMARY	REFERENCE
What is HomeCo Daily Needs REIT?	HomeCo Daily Needs REIT will be an Australian Real Estate Investment Trust listed on the ASX with a mandate to invest in predominately metro-located, convenience based assets, across the target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services. At Completion, the REIT's Portfolio will consist of 15 stabilised, convenience focused assets, with a further 2 properties under development.	**Section 2**
What are the objectives of HomeCo Daily Needs REIT?	HomeCo Daily Needs REIT's objective is to provide Unitholders with exposure to a portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions.	**Section 2.2**
What are HomeCo Daily Needs REIT's strategies?	HomeCo Daily Needs REIT intends to achieve its objectives by: • maintaining high quality and defensive exposures across target sub-sectors (Neighbourhood Retail, Large Format Retail and Health & Services), tenants and geographies; • employing a model portfolio construction informed by long term historical returns across sub-sectors; • pursuing acquisition opportunities across target sectors; and • maintaining an appropriate capital structure.	**Section 2.2**
What is HomeCo Daily Needs REIT's investment policy for acquisitions?	HomeCo Daily Needs REIT may make acquisitions if they represent value-accretive investment opportunities that are in line with the REIT's portfolio strategy and which are expected to contribute to consistent and growing distributions.	**Section 2.3**
What is HomeCo Daily Needs REIT's ASX code?	HomeCo Daily Needs REIT's ASX code is expected to be HDN.ASX.	
Who are the Responsible Entity and managers of HomeCo Daily Needs REIT?	HMC Funds Management Limited (**Responsible Entity**) is a wholly owned subsidiary of HomeCo and the responsible entity of HomeCo Daily Needs REIT. The Responsible Entity is responsible for the governance and oversight of operations of HomeCo Daily Needs REIT. The Responsible Entity has appointed HomeCo DNR Property Management Pty Limited (as **Property Manager**) and HomeCo DNR Investment Management Pty Limited (as **Investment Manager**) to provide certain asset management, investment management, development management, leasing and property management services to the REIT under the Management Agreements. Both the Property Manager and Investment Manager are wholly owned subsidiaries of HomeCo.	**Section 5.1**

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
Who is Home Consortium?	Home Consortium (a stapled entity consisting of Home Consortium Limited and Home Consortium Developments Limited) is an ASX-listed owner, developer and manager of diversified property investments. HomeCo will maintain an ongoing relationship with HomeCo Daily Needs REIT in the following respects: • the Responsible Entity is a member of the HomeCo Group and as such, HomeCo retains the right to appoint (and replace) all Directors on the Board of the Responsible Entity; • two of the Directors of the Responsible Entity are also directors of HomeCo; • the Investment Manager and Property Manager are members of the HomeCo Group; and • HomeCo will maintain an investment in HomeCo Daily Needs REIT and following Completion will have an investment of approximately 27% of Units on issue, subject to a 1 year voluntary escrow arrangement.	**Section 5.3**
How will HomeCo Daily Needs REIT be formed? **What is the Capital Distribution?**	HomeCo has established the relevant trust, and registered it as a managed investment scheme to establish HomeCo Daily Needs REIT. In this regard, HomeCo will transfer its interests in the portfolio of assets to HomeCo Daily Needs REIT and then distribute approximately 129 million Units to eligible HomeCo Securityholders who are registered holders of HomeCo Securities on the HomeCo Register on the Capital Distribution Record Date through a capital reduction. The Capital Distribution will be on a pro rata basis with each eligible HomeCo Securityholder receiving 1 Unit for every 2 HomeCo Securities held on the Capital Distribution Record Date. The Capital Distribution does not require eligible HomeCo Securityholders to pay any consideration for the transfer of Units or to complete an Application Form.	**Section 2.1** **Section 2.4**
Is the Capital Distribution conditional on the Offer?	Yes. The completion of the Capital Distribution is conditional upon the Offer not being withdrawn and the listing of HomeCo Daily Needs REIT occurring. The Responsible Entity may withdraw the Offer at any time before the issue of Units to successful Applicants under the Offer. If the Capital Distribution does not proceed, HomeCo Daily Needs REIT will not be established. Conversely, the Offer is conditional upon the Capital Distribution being approved by HomeCo Securityholders at the Meeting. If HomeCo Securityholder approval is not obtained, the Offer will not proceed and all Application Monies will be returned without interest.	**Section 8.1**
What is the Offer?	The Offer is an offering of 226 million units to raise proceeds of approximately $300 million. The Offer Price will be $1.33 per Unit. The Offer is being undertaken in addition to the Capital Distribution. Each Unit issued under the Offer will rank equally with Units transferred via the Capital Distribution and all other Units on issue. All proceeds being raised under the Offer are from the issue of new Units. There is no selldown by HomeCo or HomeCo Securityholders as part of the Offer.	**Section 8**

TOPIC	SUMMARY	REFERENCE
What is Completion?	Completion will occur when the transfer of Units under the Capital Distribution, and the allotment and issue of Units under the Offer, have occurred.	
Who are the issuers of this PDS?	This PDS is issued by: • HMC Funds Management Limited (AFSL 237257) as responsible entity of HomeCo Daily Needs REIT in respect of the Offer; and • Home Consortium Limited and Home Consortium Developments Limited in respect of the Capital Distribution.	
Why is HomeCo Daily Needs REIT being established and why is the Offer being conducted?	HomeCo Daily Needs REIT is being established as a standalone entity to deliver existing HomeCo Securityholders an investment in two vehicles with different investment attributes and characteristics: • HomeCo Daily Needs REIT: 100% owned portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions; and • HomeCo: Owner, developer and manager of diversified property investments. Through the Offer, new investors will also have the opportunity to invest in HomeCo Daily Needs REIT. The Offer is being conducted to: • provide funding capacity for the acquisition of Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre (QLD); • fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook; • provide HomeCo Daily Needs REIT with working capital; • fund the transaction costs associated with the Proposal; and • reduce HomeCo Daily Needs REIT's Gearing to 26%, providing balance sheet capacity to take advantage of acquisition and development opportunities.	**Section 2.4** **Section 8**

1.2. Benefits and risks

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in HomeCo Daily Needs REIT?	HomeCo Daily Needs REIT is intended to offer investors exposure to a high-quality portfolio of stabilised, convenience focused assets, diversified across target sub-sectors (Neighbourhood Retail, Large Format Retail and Health & Services), tenants and geographies. The construction of the Portfolio and the weighting of the tenant mix towards non-discretionary retail is designed to provide exposure to defensive and sustainable income streams with future growth potential through structural lease escalations and development and acquisition opportunities.	**Section 2.5**

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in Daily Needs REIT? continued	Key benefits of an investment in the REIT include: **Diversified and defensive portfolio** **Geographic diversification** HomeCo Daily Needs REIT is intended to own predominately metro-located assets across NSW, VIC, QLD, WA and SA, with the geographic split of Portfolio assets informed by the national GDP contribution of each State. **Sub-sector diversification** The Portfolio is intended to be allocated between Neighbourhood Retail, Large Format Retail and Health & Services tenants with reference to the Model Portfolio, which has outperformed other regional and sub-regional shopping centres in recent years. **Diversified, high quality and defensive tenant exposure to convenience based daily needs real estate** Following Completion, the Portfolio will have 77% exposure to tenants that are national retailers, with the top 20 tenants across the Portfolio representing 62% of gross rental income.[15] **Strong recent cash collection, despite COVID-19 disruption** Following a pro-active response to the COVID-19 disruption experienced through March to June 2020, which included rental renegotiations in June 2020, the Portfolio assets have demonstrated strong cash collection, with average cash collection of 94% over the period July 2020 to September 2020.[16] **Demonstrated resilience to e-commerce trends through exposure to essentials and limited exposure to speciality tenants** The Portfolio has 'essentials' exposure through supermarkets, pharmacists and childcare. The Portfolio has no exposure to department stores or discount department stores and limited exposure to discretionary retail and fashion. **HomeCo Daily Needs REIT is targeting consistent and growing distributions** HomeCo Daily Needs REIT is forecasting a 5.5% FY21 annualised distribution yield (based on the Offer Price), with FY21 distributions expected to be 100% tax deferred. The REIT believes the opportunity to grow distributions is underpinned by a number of factors including: • stable and defensive Portfolio of assets, with 8.4 year Weighted Average Lease Expiry[17]; • rents with average gross rent of $349 per square metre at the lower end of the retail landlord cost curve[18]; and • fixed rental escalations for 63% of the portfolio, with these tenancies having a weighted average rent review of 3.5%[19] per annum.	**Section 2.5**

15. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
16. Rent collection of contracted rent to 30 September 2020 at all HomeCo Daily Needs REIT assets, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
17. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
18. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
19. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in Daily Needs REIT? continued	**Growth opportunities** The Portfolio has a positive growth outlook by way of structural lease escalations. HomeCo's sector expertise and management platform positions HomeCo Daily Needs REIT to take advantage of potential acquisition opportunities. Development upside in existing properties provides opportunity to further enhance earnings growth and portfolio quality. **Management expertise** HomeCo Daily Needs REIT is to be managed by ASX listed HomeCo. The management team supporting the Responsible Entity has demonstrated experience in asset and funds management and property investment and management. **Experienced Board and strong corporate governance** The Board will be comprised of majority independent, experienced and credentialed individuals including an independent Chairman. The Board is committed to a high standard of corporate governance and compliance. **Alignment of interests between HomeCo and the REIT** HomeCo's interests are aligned with HomeCo Daily Needs REIT via the investment that HomeCo will maintain in the REIT, which following Completion, will be approximately 27% of Units on issue in HomeCo Daily Needs REIT. HomeCo will additionally enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held at Completion for a period of 1 year from Completion.	**Section 2.5**
What are the main risks of an investment in HomeCo Daily Needs REIT?	**HomeCo Daily Needs REIT is a new standalone entity** HomeCo Daily Needs REIT will be a new standalone ASX listed entity with no previous trading history. **COVID-19 impact** Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on HomeCo Daily Needs REIT. There is a prospect that store closures on a more significant scale may once again occur if the COVID-19 outbreak cannot be adequately contained, which could limit all or a material amount of trading at Properties within the Portfolio. **HomeCo Daily Needs REIT's net rental income may decline** HomeCo Daily Needs REIT's primary source of income is generated through the leasing arrangements it has with tenants across the Portfolio. There is a risk that rental income might be materially different to the income described in this PDS and may decline over time, which could adversely affect HomeCo Daily Needs REIT's distributions.	**Section 7**

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
What are the main risks of an investment in Daily Needs REIT? continued	**HomeCo Daily Needs REIT may be unable to lease vacant space in its Properties** There is a risk that HomeCo Daily Needs REIT is unable to lease vacant space in its Properties. Should HomeCo Daily Needs REIT be unable to secure a tenant for a vacant property for a period of time, this will result in lower rental returns to HomeCo Daily Needs REIT, which could adversely affect the REIT's distributions. HomeCo Daily Needs REIT could also lose tenants due to a range of events including as a result of failure to renew a lease, weakening of tenant relationships, disputes with tenants or insolvency of tenants. **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, and HomeCo Daily Needs REIT in particular. As property valuation adjustments are reflected in HomeCo Daily Needs REIT's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HomeCo Daily Needs REIT's financial position and could impact upon distributions. **Retail property sector concentration** The Portfolio is principally comprised of retail properties and is therefore exposed to the retail property sector. As a result, HomeCo Daily Needs REIT's performance depends, in part, on the performance of the Australian retail property sector. **Relationship with HomeCo** HomeCo is expected to retain a substantial interest in the REIT. As such, HomeCo and its associates are likely to have the ability to determine (or have significant influence over) any resolution put to Unitholders, including a resolution to remove the Responsible Entity. HomeCo retains the right to appoint (and replace) all Directors on the Board of the Responsible Entity. In performing its roles of responsible entity of the REIT, co-owner of certain Properties, manager of the REIT and the Properties, property developer, and provider of corporate and other services, the interests of HomeCo and the REIT may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in this PDS, these agreements were negotiated between affiliated entities. **Completion of development pipeline** HomeCo Daily Needs REIT's development pipeline consists of 2 properties, Richlands and Ellenbrook, that are expected to open in April 2021 and mid-2021 respectively. These developments are inherently exposed to development risk prior to completion and commencement of operations, which can impact on revenue generated, valuations and distributions.	**Section 7**

TOPIC	SUMMARY	REFERENCE
What are the main risks of an investment in Daily Needs REIT? continued	**E-commerce trends could materially reduce trading and activity at physical centres** There is a risk that consumer preferences for online shopping materially reduces the level of trading seen at Properties in the Portfolio. To mitigate this risk, the Portfolio has been weighted towards 'essentials' tenants including supermarkets, pharmacies and childcare. **HomeCo Daily Needs REIT may not be able to meet its forecasts** The forward-looking statements, opinions and estimates provided in this PDS, including the Forecast Financial Information, are based on various assumptions, many of which are outside the control of HomeCo and HomeCo Daily Needs REIT. 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 Daily Needs REIT. **Model Portfolio** While the Portfolio has been constructed with reference to the Model Portfolio, the actual composition of the Portfolio may be inconsistent with the Model Portfolio at any given point in time. Moreover, the Responsible Entity may deem it necessary or in the best interests of Unitholders, to target a Portfolio composition that departs from the Model Portfolio in order to achieve the objectives of HomeCo Daily Needs REIT. **Other risks** A number of other general investment risks are discussed in Section 7.	**Section 7**

1 Investment Overview (continued)

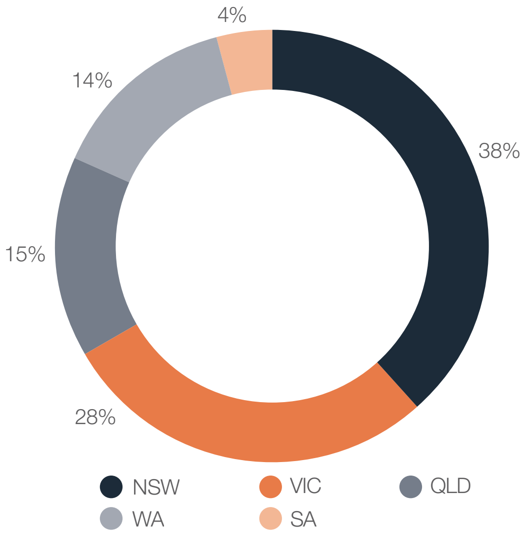
1.3. Portfolio

TOPIC	SUMMARY	REFERENCE
What are the key metrics of the Portfolio?	On Completion, the Portfolio will consist of 15 operating centres and 2 centres under development, with an independent valuation of $844 million.[20] Key features of the Portfolio include:[21] • strategically located centres with 94%[22] of Properties in metropolitan growth corridors across NSW, VIC, QLD, WA and SA; • high occupancy rate of 98%[23] and Weighted Average Lease Expiry of 8.4 years[24], with no more than 6% of rent expiring in any one year to 2023, and 80% expiring in 2025 or later; • defensive tenant mix with ~77%[25] exposure to national tenants and low exposure to specialty retail (14%);[26] • an average portfolio gross rental rate of approximately $349 per sqm[27] supported by embedded escalation via CPI and fixed rent reviews (fixed escalations of 3.5% per annum across 63% of the portfolio); and • a low site coverage ratio of 31%[28] on a substantial land bank holding of 629 thousand sqm providing future expansion and alternate use opportunities.	**Section 3.2**

Key Portfolio statistics[29]

Number of Properties	17
Independent valuation[30]	$844 million
WACR[31]	5.95%
Occupancy (by GLA)[32]	98%
WALE[33]	8.4 years
Site coverage ratio[34]	31%
Gearing[35]	26%

20. Includes all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
21. Portfolio statistics include all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
22. Calculated by number of Properties, with 16 out of 17 Properties metro-located.
23. Occupancy does not include Ellenbrook and Richlands.
24. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
25. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
26. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
27. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
28. Ratio of GLA to site area, where GLA does not include carparks.
29. Portfolio statistics include all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
30. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
31. By Property value.
32. Occupancy does not include Ellenbrook and Richlands.
33. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre Town Centre QLD.
34. Ratio of GLA to site area, where GLA does not include carparks.
35. Gearing is calculated as: borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents.

TOPIC	SUMMARY	REFERENCE
What assets comprise the Operating Portfolio?	The Operating Portfolio will consist of 15 centres with an independent valuation of $808 million and a weighted average capitalisation rate of 5.91%.[36]	**Section 3.2**
What assets comprise the Development Portfolio?	The Development Portfolio consists of 2 sites that are currently being redeveloped into operating sites. The Development Portfolio has an independent valuation of $36 million and a weighted average cap rate of 6.67%.	**Section 3.2**
Where is the Portfolio located?	The Portfolio is strategically located in metropolitan growth corridors across NSW, VIC, QLD, WA and SA. **Split by geography[37]** 	**Section 3.3**

36. Includes the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
37. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
Who are the largest tenants of the Portfolio?	HomeCo Daily Needs REIT's tenant base represents a diversified and defensive mix with 77%[38] exposure to national tenants and low exposure to specialty retail (14%).[39] As outlined in the table below, the top 20 tenants represent ~62% of exposure.[40]	**Section 3.1**

Top 20 tenants by gross rental income

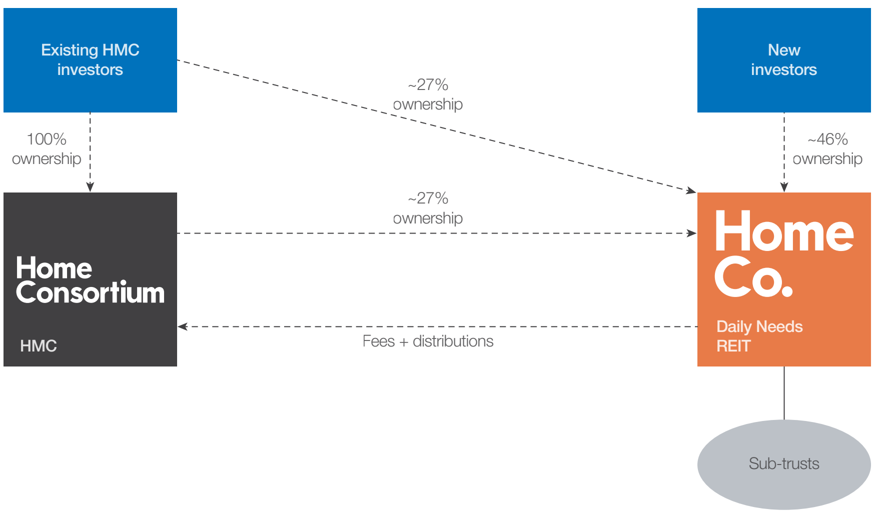
#	Tenant	% of income
1	Woolworths	15.4%
2	Coles	10.9%
3	Super Retail Group	4.1%
4	Spotlight Group	3.4%
5	IGA/Fresh N' Save	3.3%
6	Amart	3.0%
7	Goodlife	2.9%
8	Spudshed	2.7%
9	Chemist Warehouse	2.5%
10	Aldi	1.7%
11	PETstock	1.7%
12	Tradezone	1.6%
13	Wesfarmers	1.5%
14	South Pacific Health Club	1.3%
15	Our Medical Home	1.1%
16	Nick Scali	1.1%
17	Guardian Early Learning	0.9%
18	The Good Guys Discount Warehouses	0.9%
19	Aurrum	0.8%
20	Baby Bunting	0.8%
Total		**62%**

38. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
39. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
40. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

TOPIC	SUMMARY	REFERENCE
What is HomeCo Daily Needs REIT's valuation policy?	HomeCo Daily Needs REIT values its 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. The Responsible Entity expects to conduct an investment property valuation process on a semi-annual basis. 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 Daily Needs REIT's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow and capitalisation methods.	**Section 2.9**
What is the lease expiry profile?	HomeCo Daily Needs REIT has a staggered lease expiry profile, with no more than 6% of rent expiring in any one year to 2023 and 80% expiring in 2025 or later.	**Section 3.1**

1.4. Governance, Responsible Entity and management

TOPIC	SUMMARY	REFERENCE
How is HomeCo Daily Needs REIT structured?	HomeCo Daily Needs REIT is structured as a registered managed investment scheme. Unitholders will own ordinary units in HomeCo Daily Needs REIT. Units are not stapled to any other financial product or security. The chart below provides an overview of the proposed ownership structure of HomeCo Daily Needs REIT at Completion.[41]	**Section 2**



41. Based on an Offer size of $300 million.

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
What are the management arrangements of HomeCo Daily Needs REIT?	The Responsible Entity has responsibility for the governance and oversight of operations of HomeCo Daily Needs REIT. The Responsible Entity has appointed the Property Manager and Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to HomeCo Daily Needs REIT under the Management Agreements.	**Section 5.1** **Section 13.4** **Section 13.5**
Who are the directors of the Responsible Entity?	At Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. The directors of the Responsible Entity will be: • Simon Shakesheff – Independent Non-Executive Chairman • Simon Tuxen – Independent Non-Executive Director • Stephanie Lai – Independent Non-Executive Director • David Di Pilla – Non-Executive Director • Greg Hayes – Non-Executive Director David Di Pilla and Greg Hayes are also members of the HomeCo Board.	**Section 5.2.1**
Can the Responsible Entity be removed and what would be the consequences?	The Responsible Entity may be removed by an ordinary resolution of Unitholders. If the Responsible Entity is removed or retires as responsible entity of HomeCo Daily Needs REIT: • HomeCo Daily Needs REIT will cease to have full access to the expertise and resources of HomeCo to manage the operations of HomeCo Daily Needs REIT and the Directors will no longer be involved in the governance and operations of HomeCo Daily Needs REIT; and • the Management Agreements may be terminated and in certain circumstances, a compensation amount under the Management Agreements will be payable to the Managers.	**Section 13.4** **Section 13.5**
What fees are payable to the Managers?	All the costs and fees payable to the Managers under the Management Agreements will be paid out of HomeCo Daily Needs REIT. Amongst others, the Managers are entitled to a base management fee, property management fees and leasing fees. **Investment Management fee** The Investment Manager's fee will be 0.65% per annum of Gross Asset Value (**GAV**) (before GST) on GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. **Property Management Fee** The Property Manager is entitled to receive property management fees for performing property management services in relation to the Properties, whether direct or indirect (including through sub trusts). In most instances, property management fees are recoverable from tenants through outgoings. **Leasing fees** The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager). Where a third party leasing agent is engaged by the Property Manager to perform these functions, the Property Manager will not receive a leasing fee.	**Section 12**

TOPIC	SUMMARY	REFERENCE
What fees are payable to the Managers? continued	**Acquisition fees** The Investment Manager is entitled to receive 1.00% of the acquisition price and 0.50% of the disposal price of any transaction undertaken by HomeCo Daily Needs REIT as set out in Section 12.5.1. There will be no acquisition fees payable on Properties in the Portfolio acquired from HomeCo (including Acquisitions). **Development management fees** The Property Manager is entitled to receive property development management fees, including project capital expenditure costs and all costs pertaining to the developments, of: • 5.00% on the first $2.5 million of project costs; and • 3.00% on all project costs above $2.5 million. If a Management Agreement is terminated, including because HMC Funds Management Limited ceases to be the responsible entity of HomeCo Daily Needs REIT, a compensation amount is payable to the Manager and the above fees (other than those accrued for the period prior to termination) would no longer be payable.	**Section 12**
What will the relationship between HomeCo Daily Needs REIT and HomeCo be going forward?	HomeCo will maintain an ongoing relationship with HomeCo Daily Needs REIT with regard to the following: • the Responsible Entity is a member of the HomeCo Group; • two of the Directors of the Responsible Entity are also directors of HomeCo; • the Managers are members of the HomeCo Group; • HomeCo will maintain an investment in HomeCo Daily Needs REIT and following Completion will have an investment of approximately 27% of Units on issue for at least 1 year; and • HomeCo will enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held at Completion for 1 year from Completion.	**Section 5**
What will the governance arrangements of HomeCo Daily Needs REIT be?	The Board has established governance arrangements to ensure that HomeCo Daily Needs REIT is effectively managed in a manner that is properly focused on its investment objectives and the interests of Unitholders, as well as conforming to regulatory and ethical requirements. HomeCo Daily Needs REIT has adopted a framework in compliance with the latest edition of the ASX Corporate Governance Principles and Recommendations, to the extent applicable to externally managed entities.	**Section 5**

1 Investment Overview (continued)

1.5. Financial information

TOPIC	SUMMARY	REFERENCE
What will be HomeCo Daily Needs REIT's forecast FFO and distribution yield?	HomeCo Daily Needs REIT is expected to generate pro-forma Funds From Operation (**FFO**) of $16.3 million for the six month period to 30 June 2021. HomeCo Daily Needs REIT is forecast to deliver an FY21 annualised Distribution Yield (based on the Offer Price) of 5.5% for the period ending 30 June 2021, with 100% of the proposed distributions expected to be tax-deferred in FY21.	**Section 6.3**
What is HomeCo Daily Needs REIT's distribution policy?	HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised. This payout ratio may be varied at the Responsible Entity's discretion, including in circumstances where HomeCo Daily Needs REIT has identified value-accretive investment opportunities including, among other things, brownfield developments and acquisitions. HomeCo Daily Needs REIT expects its FY21 payout ratio to exceed 100% of HomeCo Daily Needs REIT's FFO as development properties are in the process of completion. The Responsible Entity retains the discretion to vary the distribution policy based on the financial position of HomeCo Daily Needs REIT at the time the Directors assess whether to pay a distribution. HomeCo Daily Needs REIT intends to pay distributions quarterly, with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December. The table below sets out the expected distribution schedule:	**Section 2.8**

Quarter ending	Paid by
31 March	31 May
30 June	31 August
30 September	30 November
31 December	28 February

The first distribution is expected to be paid in May 2021, and is expected to be a pro rata amount based on the period between Completion and 31 March 2021, with 100% expected to be tax deferred.

TOPIC	SUMMARY	REFERENCE
What is the NTA per Unit on Completion?	HomeCo Daily Needs REIT's NTA per Unit on Completion will be equal to $1.33.	**Section 6.4**

TOPIC	SUMMARY	REFERENCE
What is the Gearing policy of HomeCo Daily Needs REIT?	HomeCo Daily Needs REIT has adopted a target Gearing range of 30% to 40%. HomeCo Daily Needs REIT has signed a binding commitment letter with a syndicate of lenders for a new senior secured syndicated Debt Facility totalling $400 million. Following Completion, it is expected that approximately $231 million of the Debt Facilities will be drawn including with respect to the acquisition of Gregory Hills Town Centre NSW, Glenmore Park Town Centre NSW and Coomera City Centre QLD, leaving approximately $169 million available to be drawn down in the future as part of HomeCo Daily Needs REIT's development and investment strategy and working capital.	**Section 6.4**
What is HomeCo Daily Needs REIT's hedging policy?	To manage interest rate risk, HomeCo Daily Needs REIT may choose to have a portion of its total borrowings on a fixed interest rate basis. In deciding the appropriate level of interest rate hedging, HomeCo Daily Needs REIT will monitor market conditions on a regular basis.	**Section 2.7.2**

1.6. Overview of the Offer

TOPIC	SUMMARY	REFERENCE
What is the Offer?	Under the Offer, the Responsible Entity intends to issue 226 million Units at the Offer Price of $1.33 per Unit, raising proceeds of approximately $300 million. Each Unit issued or transferred under this PDS will, from the time it is issued, rank equally with all other Units on issue.	**Section 8**
What is the structure of the Offer?	The Offer comprises: • the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions; • the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of participating Brokers; and • the Priority Offer, which is open to select investors who have received a personal invitation from HomeCo Daily Needs REIT and is capped at $15 million. All Units being offered to investors in New Zealand under the Offer (and/or the Capital Distribution) are being offered under the Mutual Recognition Regime. Members of the public wishing to subscribe for Units under the Offer must do so through a Broker.	**Section 8.7**
Is the Offer underwritten?	The Offer is fully underwritten by Goldman Sachs and Macquarie Capital in accordance with the terms of the Underwriting Agreement. The Capital Distribution is not underwritten, and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.	**Section 8.12**

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers of the Offer are Goldman Sachs, Macquarie Capital, Morgans, Ord Minnett and Jarden.	**Section 8.7**
How will proceeds of the Offer be used?	The proceeds from the Offer and Debt Facility drawdown will be used as set out below:	**Section 8.6**

Sources and uses of proceeds, including the Capital Distribution, the Offer and new Debt Facility drawdown

Sources of funds	$ 000s	Uses of funds	$ 000s
New Debt Facility (drawn)	230,655	Acquisition of assets from HomeCo[1]	584,200
New Debt Facility (undrawn)	169,345	Acquisitions	275,940
Proceeds from the Offer	300,000	Transaction costs	44,715
In-specie distribution of ordinary units in the REIT to HomeCo Securityholders (Capital Distribution)	189,600	Working capital	5,000
Rolled equity (HomeCo investment in the REIT)	189,600	Liquidity	169,345
Total sources	**1,079,200**	**Total uses**	**1,079,200**

Note:

1. Acquisition of the Portfolio from HomeCo, net of the lease liability relating to the leasehold property in Parafield.

TOPIC	SUMMARY	REFERENCE
What will HomeCo Daily Needs REIT's unitholding structure be on Completion?	Details of the ownership of Units prior to and following Completion are set out below:	**Section 8.2**

	Number of Units pre Capital Distribution	Number of Units post Capital Distribution	Number of Units post Completion
HomeCo	257,226,546	128,613,273	128,613,273
HomeCo Securityholders (excluding Directors and Senior Management)	Nil	78,476,433	78,476,433
New Unitholders (excluding Directors)	Nil	Nil	224,761,902
Directors and Senior Management	Nil	50,136,840	51,061,655
Total	**257,226,546**	**257,226,546**	**482,913,263**

Note: Value of Units calculated as Units held multiplied by the Offer Price. Directors and Senior Management Unitholding comprises 50,136,840 units held post-Capital Distribution (pre-allotment) + 122,807 units received by Directors in lieu of consulting fees + 388,471 units subscribed for by Directors in the Offer. Refer to section 5.4.2 and 5.5.1 for further details.

TOPIC	SUMMARY	REFERENCE
Will the Units be quoted on ASX?	The Responsible Entity will apply, within seven days of the date of the PDS, for admission of HomeCo Daily Needs REIT to the Official List and the quotation of Units on ASX under the code HDN. 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 after such an application is made, 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).	**Section 8.15**
When can I sell my Units on the ASX?	It is expected that the Units will commence trading on ASX on or about 23 November 2020 on a conditional and deferred settlement basis. It is expected that Units will commence trading on ASX on a normal settlement basis on or about 30 November 2020. It is the responsibility of the Applicants to confirm their allocation of Units prior to trading in Units. Unitholders who sell Units before they receive their holding statements do so at their own risk.	**Section 8.7**
How can I apply?	Applicants under the Broker Firm Offer may apply for Units by completing and lodging a valid Application Form attached to or accompanying this PDS with the Broker who invited them to participate in the Offer. Applicants under the Priority Offer will be invited to apply by the Responsible Entity and should follow the personalised instructions provided. Under the Institutional Offer, Institutional Investors have been, or will be, invited to commit to the Joint Lead Managers to acquire Units.	**Section 8.8** **Section 8.9** **Section 8.10**
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 9.00a.m. (Sydney time) on 27 October 2020 to 5.00pm (Sydney time) on 16 November 2020 (unless a later application is expressly permitted by the Responsible Entity). All times and dates referred to in this PDS 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.	**Section 8.8** **Section 8.9**
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 8.8** **Section 8.9** **Section 8.10**

1 Investment Overview (continued)

TOPIC	SUMMARY	REFERENCE
What is the allocation policy?	The allocation of Units between the Broker Firm Offer, Priority Offer and the Institutional Offer will be determined by the Responsible Entity in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Section 8. **Institutional Offer:** The allocation of Units among Applicants in the Institutional Offer will be determined by agreement between the Underwriters and the Responsible Entity. **Broker Firm Offer:** For Broker Firm Applicants, it will be a matter for the Brokers how they allocate firm stock among their eligible clients. However, the Responsible Entity, in consultation with the Joint Lead Managers, reserves 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 Responsible Entity (in consultation with the Joint Lead Managers). The Priority Offer is capped at $15 million.	**Section 8.8** **Section 8.9** **Section 8.10**
Can the Offer be withdrawn?	Yes. The Offer is conditional upon the Capital Distribution being approved by HomeCo Securityholders at the HomeCo's Annual General Meeting. If HomeCo Securityholder approval is not obtained, the Offer will not proceed and all Application Monies will be returned without interest. In addition, the Responsible Entity may withdraw the Offer at any time before the issue of Units 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 8.14**
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**
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 27 November 2020.	**Section 8.7**

1.7. Taxation

TOPIC	SUMMARY	REFERENCE
What are the taxation implications of investing in the Units?	There may be tax implications arising from Applications for Units. Summaries of certain Australian tax consequences of participating in the Offer and investing in Units are set out in Section 11. 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 11**

1.8. Transaction costs

TOPIC	SUMMARY	REFERENCE
What are the fees and costs associated with the Offer?	Total transaction costs are expected to be approximately $45 million. Transaction costs will be paid by the Responsible Entity from the proceeds of the Offer. Included in the transaction costs are stamp duty costs which are expected to be $21 million.	**Section 12**
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants who apply for Units using an Application Form. Investors who buy or sell Units on ASX may be subject to brokerage and other transaction costs. Transfers of Units on the ASX should not attract any Australian stamp duty. Unitholders should confirm the stamp duty consequences of dealing with their Units with their taxation adviser.	**Section 8.7** **Section 12.3**

1.9. Further information

TOPIC	SUMMARY	REFERENCE
Where can I find out more information about the Capital Distribution and the Offer?	If you have further enquiries or questions relating to aspects of this PDS or about the Capital Distribution or the Offer, please contact the REIT's Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before making a decision to invest. The risks associated with an investment in HomeCo Daily Needs REIT are outlined in Section 7.	**Corporate Directory**

Section 2

Overview of HomeCo Daily Needs REIT

2 Overview of HomeCo Daily Needs REIT

2.1. Overview of HomeCo Daily Needs REIT

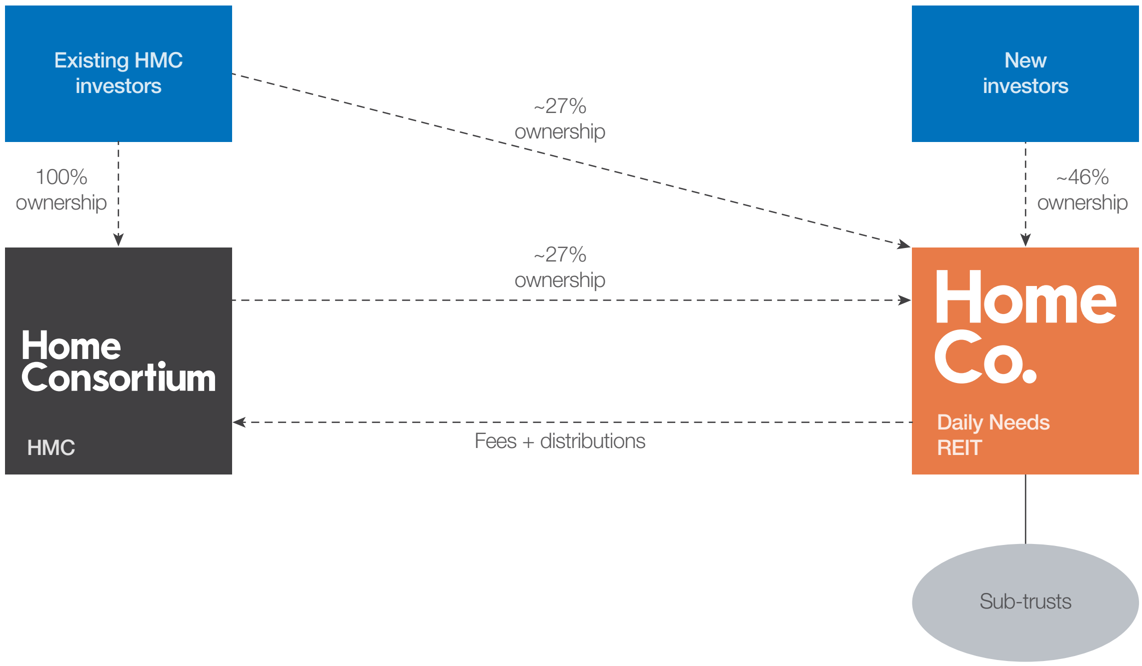
HomeCo Daily Needs REIT will be an Australian real estate investment trust listed on the ASX with a mandate to invest in predominately metro-located, convenience based assets across target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services.

The construction of the Portfolio and the weighting of the tenant mix towards non-discretionary retail is designed to provide exposure to defensive and sustainable income streams with future growth potential through structural lease escalations and acquisition opportunities.

On Completion, the portfolio will consist of 15 stabilised, convenience focused Properties and a further 2 Properties under development. Each operating centre will be anchored by leading brands backed by some of Australia's most successful retail organisations including predominately national retailers.

HomeCo Daily Needs REIT will be externally managed. The Responsible Entity is HMC Funds Management Limited (AFSL 237257) and the Managers are HomeCo DNR Property Management Pty Limited and HomeCo DNR Investment Management Pty Limited, each being a wholly owned subsidiary of HomeCo.

The ownership structure of HomeCo Daily Needs REIT at Completion is set out below:[42]



The Portfolio has been designed to achieve diversification across sub-sectors, tenants and geographies to target consistent and growing distributions.

42. Based on an Offer to raise $300 million.

2 Overview of HomeCo Daily Needs REIT (continued)

Key Portfolio statistics[43]	
Number of Properties	17
Independent valuation[44]	$844 million
WACR[45]	5.95%
Occupancy (by GLA)[46]	98%
WALE[47]	8.4 years
Site coverage ratio[48]	31%
Gearing	26%

2.2. Objectives and strategy of HomeCo Daily Needs REIT

HomeCo Daily Needs REIT's objective is to provide Unitholders with exposure to a portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions.

HomeCo Daily Needs REIT intends to achieve its objectives by:

- maintaining high quality and defensive exposure across target sub-sectors (Neighbourhood Retail, Large Format Retail and Health & Services), tenants and geographies;
- employing a model portfolio construction informed by long term historical returns across sub-sectors;
- pursuing acquisition opportunities across target sectors; and
- maintaining an appropriate capital structure.

2.3. Investment and asset management strategy

2.3.1. Investment philosophy

HomeCo Daily Needs REIT's investment philosophy focuses on making investment decisions based on underlying property fundamentals, quantitative analysis and identifying opportunities to unlock value through acquisition opportunities in the market.

The initial construction of the Portfolio has been informed by the Model Portfolio composition (see section 2.3.2). Whilst maintaining these principles, the Portfolio's composition will evolve over time, as the Responsible Entity continues to respond to changing trends in the retail landscape.

2.3.2. Model Portfolio development

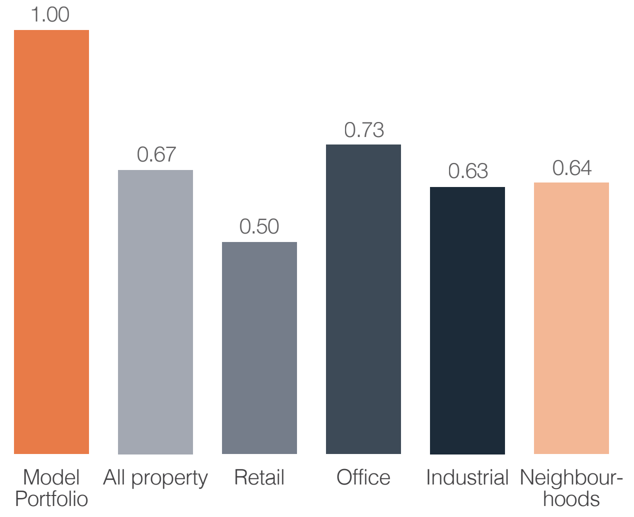
The Portfolio has been informed by the Model Portfolio. The Model Portfolio consists of:

- 50% exposure to Neighbourhood Retail assets;
- 30% exposure to Large Format Retail; and
- 20% exposure to Health & Services.

The Model Portfolio construction has been informed by long term historical analysis of returns across sectors, has displayed relatively low levels of correlation to traditional retail and property sectors and has outperformed other retail property subsectors in recent years.

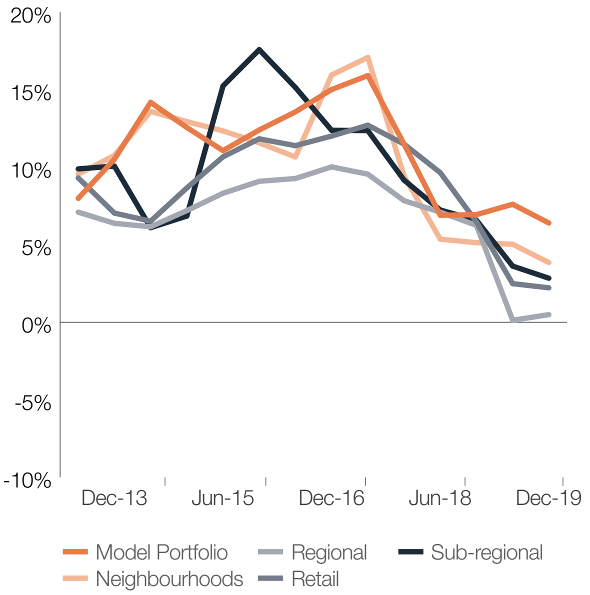
43. Portfolio statistics include all HomeCo Daily Needs REIT assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
44. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
45. By Property value.
46. Occupancy does not include Ellenbrook and Richlands.
47. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
48. Ratio of GLA to site area, where GLA does not include carparks.

Model Portfolio correlation versus property sector[49] (2007 – 2019)



Source: RIA; past performance not indicative of future performance

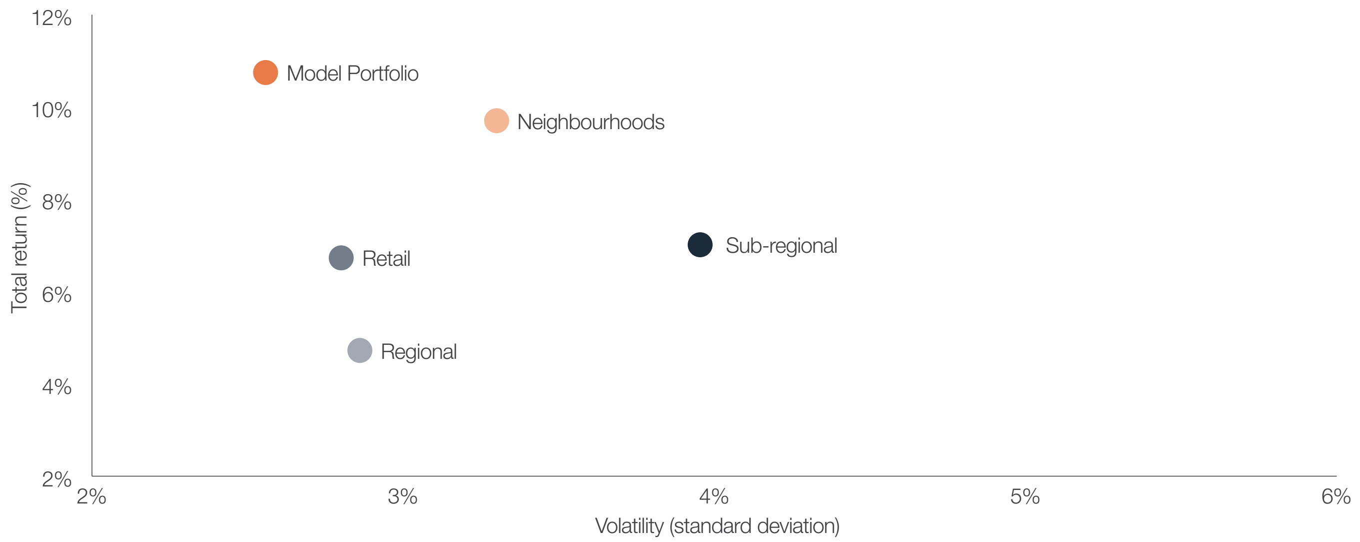
Total returns by sector (2013-2019)[50]



Source: RIA; past performance not indicative of future performance

This has resulted in the Model Portfolio displaying superior risk-adjusted returns relative to other retail property sub-sectors.

Total returns and volatility by sector (2013-2019)[51]



Source: RIA; past performance not indicative of future performance

49. Correlation between total returns of each industry sub-sector between 2007 and 2019 (Source: RIA).
50. Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis; historical performance is not a predictor.
51. Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis.

2 Overview of HomeCo Daily Needs REIT (continued)

Properties in the Portfolio are anchored by leading brands, including predominately national major supermarkets, daily needs and services businesses. The Portfolio has no exposure to department stores or discount department stores and limited exposure to specialty retail and fashion.

Rent charged to tenants at Properties in the Portfolio is positioned competitively compared to other retail landlords. The average gross rent across the Portfolio is $349 per sqm,[52] which is attractive for tenants who are looking to reduce occupancy costs. This has resulted in greater earnings resilience than that of the broader retail sector amid the shift towards a more e-commerce driven economy and strong recent cash collection despite the impact of the COVID-19 pandemic. HomeCo Daily Needs REIT is well positioned to grow its rental income while retaining tenants for additional lease terms upon lease expiry by setting rents at the lower end of the retail cost curve.

Key features of the Portfolio include:

- a complementary mix of retailers and services;
- attractive locations that are close to large population centres, major road arterials and intersections, and public transport links;
- modern air-conditioned buildings with quality amenities (free WiFi, kids play centres, parent's rooms) and centre events (promotions, seasonal events);
- easy access with substantial on-grade car parking (~400 per centre, on average);
- convenient suburban locations rather than high-density, super-regional or CBD locations;
- a focus on daily needs and healthcare & wellness;
- over 60% of customers live less than a 15 minute 'drive and park' time away[53]; and
- ability to social distance with minimal dwell time.

The Responsible Entity believes these features within each centre are key differentiating features.

52. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

53. SMG Customer Survey 2019.

2.3.3. Investment process

HomeCo Daily Needs REIT intends to acquire additional Properties over time that are consistent with its objectives and represent value-accretive investment opportunities that complement the REIT's strategy of targeting consistent and growing distributions.

Overall investment objectives

Ownership of a stabilised portfolio of convenience based assets targeting consistent growing distributions for Unitholders

Macro considerations

- **Economic factors**
  - interest rates
  - inflation
  - government policy
- **Markets**
  - ecommerce/technology disruption
- **Event risk**
  - financial crisis
  - pandemic risk
  - global conflicts/trade wars

Target model portfolio

- **Diversification** – portfolio aims to achieve lower correlation to traditional retail property assets, through;
  - geographic diversification
  - sub-sector diversification across daily needs, large format retail & services tenants
  - individual tenant diversification
- **Exposure caps on tenant categories**
  - no department stores
  - limited exposure to discount department stores
  - limited exposure to discretionary retail (including fashion)
  - limited exposure to food & beverage tenants

Due diligence

- **Local market demographics**
  - growth outlook
  - competitive threats
- **Asset due diligence**
  - legal review
  - financial review
  - tenant credit counterparty analysis
  - technical/engineering review
  - environmental
- **Asset valuation enhancement**
  - development potential
  - operating efficiencies
  - ESG opportunities

2.3.4. Asset management

To manage risk and maximise returns to Unitholders, the Managers will undertake ongoing assessments of leasing opportunities, tenant incentives and capital expenditure requirements while maintaining engagement with tenants. The Managers will look for ways to improve the tenant experience and amenities at the Properties in order to retain and attract tenants; protect or enhance revenue; and improve the experience and offerings for all users of the Properties.

2.4. Establishment of HomeCo Daily Needs REIT

HomeCo Daily Needs REIT is being established as a standalone entity to deliver existing HomeCo Securityholders an investment in two vehicles with different investment attributes and characteristics:

- HomeCo Daily Needs REIT: 100% owned Portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions to Unitholders; and
- HomeCo: owner, developer and manager of diversified property investments including HomeCo Daily Needs REIT.

2 Overview of HomeCo Daily Needs REIT (continued)

HomeCo has established the relevant trust, and registered it as a managed investment scheme to establish HomeCo Daily Needs REIT. In this regard, HomeCo will transfer its interests in 14 assets to HomeCo Daily Needs REIT and then distribute approximately 129 million Units to eligible HomeCo Securityholders who are registered holders of HomeCo Securities on the Capital Distribution Record Date through a capital reduction. The Capital Distribution will be on a pro rata basis with each eligible HomeCo Securityholder receiving 1 Unit for each 2 HomeCo Securities held on the Capital Distribution Record Date.

The Capital Distribution does not require eligible HomeCo Securityholders to pay any consideration for the transfer of Units or to complete an Application Form.

Concurrent with the Capital Distribution, the Responsible Entity is making the Offer of Units in HomeCo Daily Needs REIT. The Offer seeks to raise $300 million, the proceeds of which will be used together with the Debt Facility to provide funding capacity for the Acquisitions. The Offer proceeds will also be used to fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook, provide HomeCo Daily Needs REIT with working capital, fund the transaction costs associated with the Proposal and provide balance sheet capacity to take advantage of acquisition and development opportunities

2.5. Benefits of an investment in HomeCo Daily Needs REIT

2.5.1. Diversified and defensive portfolio

On Completion, the Portfolio will consist of 15 operating centres and 2 centres under development with an independent valuation[54] of ~$844 million.[55]

Key features of the Portfolio include:

- Geographic diversification:
  - strategically located Properties with 94%[56] of Properties in metropolitan growth corridors across NSW, VIC, QLD, WA and SA;
  - predominately metro-located assets; and
  - geographic split of Portfolio assets informed by the national GDP contribution of each State.
- Diversified, high-quality and defensive tenant exposure to convenience based daily needs real estate:
  - a high occupancy rate of 98%[57] and WALE of 8.4 years;[58] and
  - tenants consisting of leading national retailers and service providers with approximately 77%[59] exposure to national tenants and limited exposure to speciality retail (14%).[60]
- A low site coverage ratio of 31%[61] on a land bank holding of 629,000 sqm providing future expansion and alternate use opportunities.
- Supermarket anchored Neighbourhood Retail centres in the Portfolio have been accompanied with Large Format Retail.

54. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
55. Includes all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
56. Calculated by number of Properties, with 16 out of 17 Properties metro-located (Vincentia not metro-located).
57. Occupancy does not include Ellenbrook and Richlands.
58. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
59. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
60. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
61. Ratio of GLA to site area, where GLA does not include carparks.

2.5.2. Solid valuations and strong recent cash collection, despite COVID-19 disruption

The Properties in the Portfolio have been independently valued at 30 September 2020 with valuations remaining either materially unchanged or continuing to increase, whilst maintaining average cash collection of 94%[62] over the period July 2020 to September 2020.

This has been a result of construction of the Portfolio composition in line with the Model Portfolio, resulting in exposure to predominately supermarket anchored neighbourhood shopping centres with exposure to LFR and limited exposure to specialty retail tenants:

- Neighbourhood Retail centres have experienced sales growth on a pickup in demand for essentials and an increased preference/need for consumers to shop locally for convenience and the ability to social distance; and
- for LFR centres, the homewares & electrical segment has performed well due to increased spending during the COVID-19 pandemic; the leisure & lifestyle segment has benefitted from government stimulus and an inability to travel, resulting in a shift in consumer spending towards lifestyle products.

2.5.3. Resilience to e-commerce trends

HomeCo Daily Needs REIT believes the Portfolio is better positioned to withstand structural changes relative to traditional regional and sub-regional shopping centres in the retail landscape due to increasing e-commerce, with 'essentials' exposure through supermarkets, pharmacists and childcare. The Portfolio has no exposure to department stores or discount department stores and limited exposure to specialty retail and fashion. Rents for the Portfolio's LFR and Health & Services tenants are significantly lower compared to other retail subsectors, providing a high level of sustainability.

2.5.4. HomeCo Daily Needs REIT is targeting consistent and growing distributions

HomeCo Daily Needs REIT is forecast to have an FY21 annualised Distribution Yield (based on the Offer Price) of 5.5% for the period from Completion to 30 June 2021, with 100% of the proposed FY21 distributions expected to be tax deferred.

The objective of delivering consistent and growing distributions is underpinned by a number of factors:

- stable and defensive operating portfolio, with sustainable cash flows backed by a WALE of 8.4 years[63], significant national tenant exposure and limited specialty retail exposure;
- contracted rent escalations with fixed escalations on 63% of the portfolio (weighted average rent review across fixed leases of 3.5%[64] p.a.);
- average gross rent of $349 per square metre at the lower end of the retail landlord cost curve; and
- appropriate capital structure, with a target Gearing range of 30% – 40%.

2.5.5. Growth opportunities

HomeCo Daily Needs REIT believes it offers an attractive growth profile supported by:

- **Structural lease escalations:** Fixed rental escalations for 63% of the Portfolio with these tenancies having a weighted average rent review of 3.5% per annum.[65]

62. Rent collection of contracted rent to 30 September 2020 at all HomeCo Daily Needs REIT assets, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
63. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
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65. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

2 Overview of HomeCo Daily Needs REIT (continued)

- **Accretive developments:** HomeCo Daily Needs REIT will seek to redevelop existing Properties to drive value and growth through site optimisation and will take reasonable steps to mitigate development and delivery risk. This includes, but is not limited to, obtaining leasing pre-commitments and entering into fixed price contracts with builders and other service provides. HomeCo Daily Needs REIT has identified a pipeline of value enhancing development opportunities across a number of sites within the Portfolio with target returns on invested capital (ROIC) of 7-10%. These opportunities include:
  - **Pad sites:** Pad developments are the construction of new standalone tenancies outside the existing building in the car park;
  - **Expansions:** Expansion projects comprise the development of multiple tenancies either via new building developments or building extensions on vacant land or excess car parks; and
  - **Town centres:** Town centre developments encompass large scale projects on an existing site for new tenancies outside the existing building.
- **Acquisition opportunities:** HomeCo's sector expertise and the scale of its management platform positions HomeCo Daily Needs REIT to take advantage of acquisition opportunities within the Neighbourhood Retail sector, which is still largely privately owned. HomeCo will seek to identify acquisition opportunities to expand its portfolio and grow its market share.

Larger scale can contribute to enhanced leasing outcomes through increased access to and deeper relationships with tenants as well as cost efficiencies with service providers.

2.5.6. Demonstrated management expertise

HomeCo Daily Needs REIT will be managed by HomeCo.

HomeCo's team spans key investment management functions including property management, leasing, marketing, acquisitions and development. It is anticipated that HomeCo Daily Needs REIT will benefit from HomeCo's sophisticated management approach to maximise value by:

- leveraging HomeCo's relationships with tenants, contractors, suppliers and service providers;
- identifying assets with value-add development potential, obtaining council approvals to managing the construction and leasing of new tenancies; and
- undertaking due diligence and identifying potential future acquisitions for HomeCo Daily Needs REIT.

2.5.7. Experienced Board and strong corporate governance

HomeCo Daily Needs REIT's Board is comprised of experienced and credentialed individuals. The appointed Non-Executive Directors have a diverse range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgement to Board deliberations and decisions.

2.5.8. Alignment of interests between HomeCo and HomeCo Daily Needs REIT

HomeCo's interests are aligned with HomeCo Daily Needs REIT's through maintaining an investment which, following the Offer, will be approximately 27% of the total Units on issue.

HomeCo will additionally enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held at Completion for 1 year from Completion.

2.6. Risks of an investment in HomeCo Daily Needs REIT

HomeCo Daily Needs REIT is subject to risks that are both specific to its business operations in the property industry and to those of a general nature. Many of these risks are outside the control of the Responsible Entity, the Directors and management and if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, HomeCo Daily Needs REIT. Section 7 of this PDS describes what the Responsible Entity currently believes to be the key risks associated with an investment in HomeCo Daily Needs REIT. There may be additional risks that should be considered in light of prospective investors' personal circumstances.

2.7. Financing arrangements

2.7.1. Borrowing policy

At Completion, HomeCo Daily Needs REIT is projected to have Gearing of 26%.

Under the Debt Facilities, HomeCo Daily Needs REIT's loan to value ratio must not exceed 50%. Notwithstanding this, the Board has approved a borrowing policy whereby Gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range, provided Gearing will be reduced to below 40% within a reasonable period of time.

2.7.2. Hedging policy

To manage the risk arising from the fluctuation of interest rates, HomeCo Daily Needs REIT may enter into fixed rate borrowings and/or interest rate swaps to convert floating rate borrowings to fixed rate borrowings.

To manage interest rate risk, HomeCo Daily Needs REIT may choose to have a portion of its total borrowings on a fixed interest rate basis. In deciding the appropriate level of interest rate hedging, HomeCo Daily Needs REIT will monitor market conditions on a regular basis.

2.7.3. Current financing arrangements

HomeCo Daily Needs REIT will enter into the Debt Facilities at or around Completion. The size of the Debt Facility is $400 million. It is available to fund general corporate purposes including permitted acquisitions of real property. Interest is calculated through applying a margin to the applicable base rate (being the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)). The applicable margin varies depending on the tranche of the Facility.

See Section 13.7 for further details of the Debt Facilities.

2.8. Distribution policy

HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO once its portfolio is fully stabilised, with FY21 distributions expected to be 100% tax deferred. A payout ratio below this target may be adopted in circumstances where HomeCo Daily Needs REIT has identified value-accretive investment opportunities. The Board retains the discretion to vary the distribution policy.

The Responsible Entity intends to pay distributions quarterly, with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December. The first distribution is expected to be paid in May 2021. The table below sets out the expected distribution schedule:

Quarter ending	Paid by
31 March	31 May
30 June	31 August
30 September	30 November
31 December	28 February

The Responsible Entity will continue to monitor the appropriateness of the distribution policy to ensure that it meets the ongoing objectives of HomeCo Daily Needs REIT and is in the best interests of Unitholders.

2 Overview of HomeCo Daily Needs REIT (continued)

2.9. Valuation policy

2.9.1. Valuation basis

HomeCo Daily Needs REIT values its 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.

2.9.2. Frequency of valuation

The Responsible Entity expects to conduct an investment property valuation process on a semi-annual basis.

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 Daily Needs REIT's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow and capitalisation methods.

All independent valuations are presented to the Audit and Risk Committee and the Board or a committee of the Board appointed for such purpose.

2.10. Reporting

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

An annual consolidated financial report of HomeCo Daily Needs REIT's will be provided to Unitholders 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.

Section 3

Portfolio overview

3 Portfolio overview

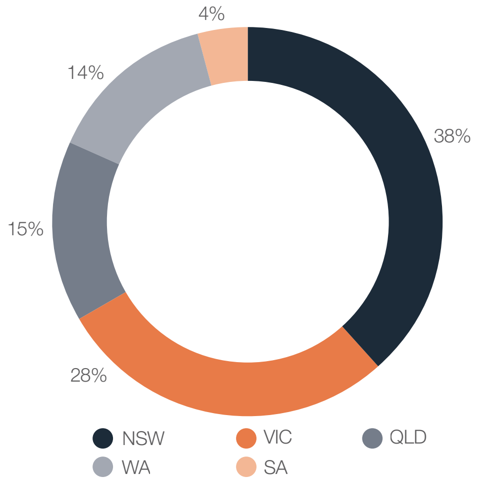
3.1. Introduction

The Portfolio consists of 15 operating centres and 2 centres under development with an independent valuation[66] of ~$844 million.[67] The Portfolio has a weighted average capitalisation rate of 5.95%[68], a WALE of 8.4 years[69] and is 98% occupied.[70] The Portfolio is geographically diversified in metropolitan growth corridors across New South Wales, Victoria, Queensland, Western Australia and South Australia.

Portfolio summary[71]

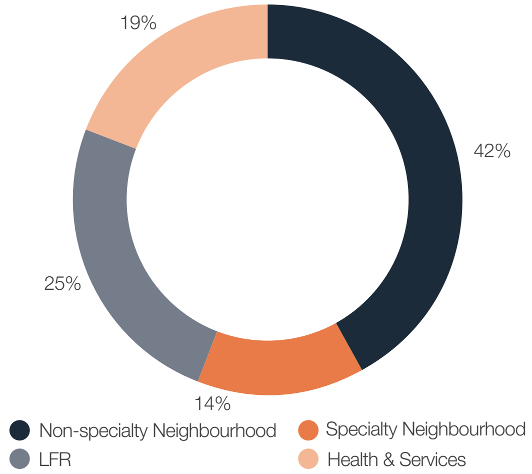
66. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.
67. Includes all HomeCo Daily Needs REIT's assets, including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
68. By Property value.
69. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
70. Occupancy does not include Ellenbrook and Richlands.
71. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

Portfolio split by geography[72]



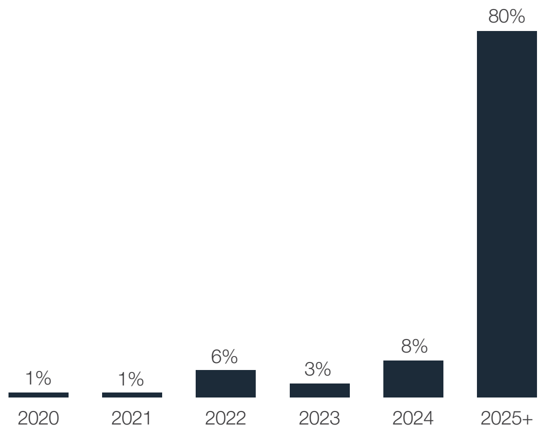
Geographically diverse portfolio with 94% located in metropolitan growth corridors.[75]

Tenant mix (by income)[73,74]



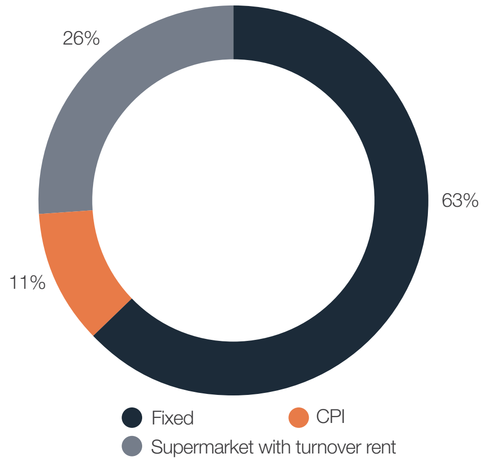
Defensive tenant mix with ~77%[76] exposure to national tenants and low exposure to specialty retail (14%).

Lease expiry profile[77]



Long WALE of 8.4 years, with no more than 6% of rent expiring in any one year before 2023, and 80% expiring in 2025 or later.

Rent review composition[78]



Contracted rental growth with fixed escalation across 63%[79] of the Portfolio with these tenancies having a weighted average rent review of 3.5% per annum.[80]

72. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
73. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
74. Non-specialty Neighbourhood includes supermarket and pharmacists.
75. Calculated by number of Properties, with 16 out of 17 Properties metro-located.
76. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD. HomeCo
77. By gross income for signed leases and signed MoUs across all Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
78. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
79. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
80. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

3 Portfolio overview (continued)

Overview of the top 20 tenants[81]

Rank	Tenant	Category	Brands	% of income
1	Woolworths	Supermarket & liquor retail	Woolworths, BWS, Dan Murphy's	15.4%
2	Coles	Supermarket & liquor retail	Coles, Liquorland	10.9%
3	Super Retail Group	Leisure & lifestyle retail	Supercheap Auto, rebel, BCF	4.1%
4	Spotlight Group	Lifestyle & leisure retail	Spotlight, Anaconda	3.4%
5	IGA/Fresh & Save	Supermarket retail	IGA, Fresh & Save Food Warehouse	3.3%
6	Amart	Furniture retail	Amart Furniture	3.0%
7	Goodlife	Gym	Goodlife Health Clubs	2.9%
8	Spudshed	Supermarket retail	spudshed	2.7%
9	Chemist Warehouse	Pharmaceutical retail	Chemist Warehouse Discount Chemist	2.5%
10	Aldi	Supermarket retail	Aldi	1.7%
11	PETstock	Pet retail	pet stock	1.7%
12	Tradezone	Electrical retail	Tradezone	1.6%
13	Wesfarmers	Leisure & lifestyle retail	Adelaide Tools, Officeworks	1.5%
14	South Pacific Health Club	Gym	South Pacific Health Clubs	1.3%
15	Our Medical Home	Medical centre	ourmedicalhome	1.1%
16	Nick Scali	Furniture retail	nickscali	1.1%
17	Guardian Early Learning	Childcare	Guardian Childcare & Education	0.9%
18	The Good Guys Discount Warehouses	Leisure & lifestyle retail	The Good Guys	0.9%
19	Aurrum	Childcare	aurrum kids	0.8%
20	Baby Bunting	Nursery retail	BabyBunting	0.8%
Total				**62%**

81. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

3.2. Portfolio summary metrics

Asset	State	Classification	Total GLA	Site area (sqm)	Site Cover-age[82]	Trading occu-pancy[83]	Occu-pancy (by area)[84]	WALE[85]	Indepen-dent value ($m)[86]	Cap rate (%)
Braybrook	VIC	Operating	13,441	41,488	32.4%	71.7%	100.0%	9.1	58.0	6.00%
Hawthorn East	VIC	Operating	11,482	28,300	40.6%	97.9%	100.0%	10.6	68.0	5.50%
Keysborough	VIC	Operating	12,142	35,840	33.9%	86.4%	100.0%	10.5	40.5	6.25%
Mornington	VIC	Operating	11,136	35,949	31.0%	76.6%	99.5%	11.1	47.0	6.00%
Tingalpa	QLD	Operating	10,434	27,720	37.6%	94.1%	99.0%	6.2	33.0	6.50%
Penrith	NSW	Operating	11,643	30,150	38.6%	100.0%	100.0%	5.2	51.0	6.00%
Rosenthal	VIC	Operating	4,810	17,759	27.1%	98.0%	98.0%	8.3	30.5	5.50%
Prestons	NSW	Operating	5,169	15,790	32.7%	100.0%	100.0%	7.7	36.6	5.50%
Vincentia	NSW	Operating	9,419	68,127	13.8%	97.2%	97.2%	5.8	60.0	6.00%
Butler	WA	Operating	17,430	42,173	41.3%	94.2%	94.2%	9.1	40.5	6.75%
Joondalup	WA	Operating	17,414	44,260	39.3%	94.7%	97.6%	8.9	49.5	6.75%
Parafield	SA	Operating	15,539	42,707	36.4%	100.0%	100.0%	6.0	18.5	7.50%
Richlands	QLD	Development	12,503	48,610	25.7%	–	77.7%	12.4	23.5	6.50%
Ellenbrook	WA	Development	12,269	30,002	40.9%	2.7%	56.1%	9.4	12.5	7.00%
Gregory Hills	NSW	Acquisition	8,364	46,000	18.2%	100.0%	100.0%	9.9	68.9	5.50%
Glenmore Park	NSW	Acquisition	17,225	45,859	37.6%	96.0%	96.0%	6.6	148.5	5.50%
Coomera City Centre	QLD	Acquisition	7,419	28,720	25.8%	100.0%	100.0%	7.4	57.0	5.75%
HDN Portfolio			**197,839**	**629,454**	**31.4%**	**93.1%**	**98.5%**	**8.4**	**843.5**	**5.95%**
Operating portfolio (incl. acquisitions)			**173,067**	**550,842**	**31.4%**	**93.1%**	**98.5%**	**8.2**	**807.5**	**5.91%**
Development portfolio			**24,772**	**78,612**	**31.5%**	**–%**	**–%**	**11.8**	**36.0**	**6.67%**
HDN Portfolio (excl. acquisitions)			**164,831**	**508,875**	**32.4%**	**92.0%**	**98.6%**	**8.7**	**569.1**	**6.14%**

82. Ratio of GLA to site area, where GLA does not include carparks.
83. By GLA. Total excludes Richlands and Ellenbrook.
84. By GLA. Total excludes Richlands and Ellenbrook.
85. By gross income for signed leases and signed MoUs across all HomeCo Daily Needs REIT assets including the recent Acquisitions: Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.
86. Based on independent valuations as at 1 December 2020 for the 3 Acquisition properties and as at 30 September 2020 for the remaining 14 properties.

3 Portfolio overview (continued)

3.3. Portfolio overview

3.3.1. New South Wales

Penrith

Address: 72-82 Mulgoa Road, Penrith, NSW 2750

Description

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	
WALE	5.2 years
Trading occupancy (% GLA)	100.0%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	11,643
Freehold land (sqm)	30,150
Site coverage ratio	39%

Independent valuation	
Independent valuation (Sep-19)	$50.0m
Independent cap rate (Sep-19)	6.00%

Prestons

Address: 1975-1985 Camden Valley Way, Prestons, NSW 2170

Description

Prestons is a leading convenient shopping centre located approximately 37km south-west of Sydney and it is part of the City of Liverpool. The centre is home to everyday needs and lifestyle brands, including Woolworths, Pharmacy 4 Less, Doctors at Prestons and White & Bright Family Dental.

Property information	
WALE	7.7 years
Trading occupancy (% GLA)	100.0%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	5,169
Freehold land (sqm)	15,790
Site coverage ratio	33%

Independent valuation	
Independent valuation (Sep-20)	$37m
Independent cap rate (Sep-20)	5.50%

Vincentia

Address: 8 Moona Creek Road, Vincentia, NSW 2540

Description

Vincentia is a leading convenient shopping centre located approximately 25km south-west of the Nowra town centre. The centre is home to everyday needs and lifestyle brands including Woolworths, Aldi, Choice Pharmacy, NRMA and Westpac. HomeCo Daily Needs REIT owns a majority 87.4% freehold interest in Vincentia with the remaining stake being held by Woolworths Group Limited. HomeCo Daily Needs REIT and Woolworths Group Limited have a co-owner agreement in place governing the relationship and other dealings between HomeCo Daily Needs REIT and Woolworths Group Limited, including as it relates to development.

Property information	
WALE	5.8 years
Trading occupancy (% GLA)	97.2%
Occupancy (% GLA)	97.2%
Gross lettable area (sqm)	9,419
Freehold land (sqm)	68,127
Site coverage ratio	14%

Independent valuation	
Independent valuation (Sep-20)	$60m
Independent cap rate (Sep-20)	6.00%

Gregory Hills Town Centre

Acquisition

Address: 33 Village Circuit, Gregory Hills, NSW 2557

Description

Gregory Hills Town Centre is a Woolworths anchored shopping centre located approximately 60km south-west of Sydney CBD. Excluding Woolworths, its key tenants include pharmacy, medical, food specialties and 2 padsites.

Property information	
WALE	9.9 years
Trading occupancy (% GLA)	100.0%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	8,364
Freehold land (sqm)	46,000
Site coverage ratio	18%

Independent valuation	
Independent valuation (Dec-20)	$69m
Independent cap rate (Dec-20)	5.50%

3 Portfolio overview (continued)

Glenmore Park Town Centre

Acquisition

Address: 1 Town Terrace, Glenmore Park, NSW 2745

Description

Glenmore Park Town Centre is a Woolworths, Coles and ALDI anchored centre that opened in 1991, with a major development completed in 2017. The centre is located 55km west of Sydney CBD and key tenants include medical centres, pharmacy and specialties, and petrol, McDonald's and KFC pad sites.

Property information	
WALE	6.6 years
Trading occupancy (% GLA)	96.0%
Occupancy (% GLA)	96.0%
Gross lettable area (sqm)	17,225
Freehold land (sqm)	45,859
Site coverage ratio	38%

Independent valuation	
Independent valuation (Dec-20)	$149m
Independent cap rate (Dec-20)	5.50%

3.3.2. Victoria

Braybrook

Address: 330 Ballarat Road, Braybrook, VIC 3019

Description

Only 11km northwest of the Melbourne CBD, Braybrook is Braybrook's newest shopping destination for everyday needs. Home to a new full-suite Coles supermarket, Liquorland, Chemist Warehouse, BCF and one of Australia's newest TK Maxx stores.

Property information	
WALE	9.1 years
Trading occupancy (% GLA)	71.7%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	13,441
Freehold land (sqm)	41,488
Site coverage ratio	32%

Independent valuation	
Independent valuation (Sep-20)	$58m
Independent cap rate (Sep-20)	6.00%

Hawthorn East

Address: 740 Toorak Road, Hawthorn East, VIC 3123

Description

Hawthorn East is located 8km east of the Melbourne CBD bounded by two key arterial roads, Toorak Road and the Monash Freeway. The centre is home to lifestyle and outdoor adventure brand Anaconda, a new Woolworths supermarket, Dan Murphy's liquor store, Chemist Warehouse, fresh food and specialty shops.

Property information	
WALE	10.6 years
Trading occupancy (% GLA)	97.9%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	11,482
Freehold land (sqm)	28,300
Site coverage ratio	41%

Independent valuation	
Independent valuation (Sep-20)	$68m
Independent cap rate (Sep-20)	5.50%

3 Portfolio overview (continued)

Keysborough

Address: Corner Springvale Road & Cheltenham Road, Keysborough, VIC 3173

Description

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

Property information	
WALE	10.5 years
Trading occupancy (% GLA)	86.4%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	12,142
Freehold land (sqm)	35,840
Site coverage ratio	34%

Independent valuation	
Independent valuation (Sep-20)	$41m
Independent cap rate (Sep-20)	6.25%

Mornington

Address: 61 Mornington-Tyabb Road, Mornington, VIC 3931

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	
WALE	11.1 years
Trading occupancy (% GLA)	76.6%
Occupancy (% GLA)	99.5%
Gross lettable area (sqm)	11,136
Freehold land (sqm)	35,949
Site coverage ratio	31%

Independent valuation	
Independent valuation (Sep-20)	$47m
Independent cap rate (Sep-20)	6.00%

Rosenthal

Address: 90 Vineyard Road, Sunbury, VIC 3429

Description

Rosenthal is a convenient shopping centre located approximately 39km north-west of Melbourne and it is part of the City of Hume. The centre is home to everyday needs and lifestyle brand, including Woolworths, BWS, Pharmacy 4 Less, Resolve Medical Centre and specialty food retailers.

Property information	
WALE	8.3 years
Trading occupancy (% GLA)	98.0%
Occupancy (% GLA)	98.0%
Gross lettable area (sqm)	4,810
Freehold land (sqm)	17,759
Site coverage ratio	27%

Independent valuation	
Independent valuation (Sep-20)	$31m
Independent cap rate (Sep-20)	5.50%

3 Portfolio overview (continued)

3.3.3. Queensland

Tingalpa

Address: 261 New Cleveland Road, Tingalpa, QLD 4173

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 is 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 and Franklyn.

Property information

WALE	6.2 years
Trading occupancy (% GLA)	94.1%
Occupancy (% GLA)	99.0%
Gross lettable area (sqm)	10,434
Freehold land (sqm)	27.270
Site coverage ratio	38%

Independent valuation

Independent valuation (Sep-20)	$33m
Independent cap rate (Sep-20)	6.50%

Richlands

Development Portfolio

Address: 144 Pine Road, Richlands, QLD 4077

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 a zoned town centre, and with a land size of 62,650 sqm, allows for multiple development opportunities (in stages). The Richlands development is expected to complete in the second half of FY21.

Property information

WALE	12.4 years
Occupancy (% GLA)	77.7%
Gross lettable area (sqm)	12,503
Freehold land (sqm)	48,610
Site coverage ratio	20%

Independent valuation

Independent valuation (Sep-20)	$24m
Independent cap rate (Sep-20)	6.50%

Coomera City Centre

Acquisition

Address: 1 Commercial St, Upper Coomera, QLD 4209

Description

Coomera City Centre is a Coles anchored neighbourhood centre opened in 2017, including a medical centre, pharmacy and food & beverage specialties.

Property information

WALE	7.4 years
Trading occupancy (% GLA)	100.0%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	7,419
Freehold land (sqm)	28,720
Site coverage ratio	26%

Independent valuation

Independent valuation (Dec-20)	$57m
Independent cap rate (Dec-20)	5.75%

3 Portfolio overview (continued)

3.3.4. Western Australia

Butler

Address: 1 Butler Blvd, Butler, WA 6036

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 Western Australia's favourite fresh food market, Spudshed.

Property information	
WALE	9.1 years
Trading occupancy (% GLA)	94.2%
Occupancy (% GLA)	94.2%
Gross lettable area (sqm)	17,430
Freehold land (sqm)	42,173
Site coverage ratio	41%

Independent valuation	
Independent valuation (Sep-20)	$41m
Independent cap rate (Sep-20)	6.75%

Joondalup

Address: 11 Injune Way, Joondalup, WA 6027

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, Baby Bunting and Goodlife Health Clubs, along with Western Australia's newest Spudshed.

Property information	
WALE	8.9 years
Trading occupancy (% GLA)	94.7%
Occupancy (% GLA)	97.6%
Gross lettable area (sqm)	17,414
Freehold land (sqm)	44,260
Site coverage ratio	39%

Independent valuation	
Independent valuation (Sep-20)	$50m
Independent cap rate (Sep-20)	6.75%

Ellenbrook

Development Portfolio

Address: 151 The Promenade, Ellenbrook, WA 6069

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. The Ellenbrook development is expected to complete in the second half of FY21.

Property information	
WALE	9.4 years
Trading occupancy (% GLA)	2.7%
Occupancy (% GLA)	56.1%
Gross lettable area (sqm)	12,269
Freehold land (sqm)	30,002
Site coverage ratio	41%

Independent valuation	
Independent valuation (Sep-20)	$13m
Independent cap rate (Sep-20)	7.00%

3 Portfolio overview (continued)

3.3.5. South Australia

Parafield

Address: L13 Main North Rd, Parafield, SA 5106

Description

HomeCo Parafield is located on leasehold land within the Adelaide airport precinct and features a flagship Supercheap Auto store.

Property information

WALE	6.0 years
Trading occupancy (% GLA)	100.0%
Occupancy (% GLA)	100.0%
Gross lettable area (sqm)	15,539
Freehold land (sqm)	42,707
Site coverage ratio	36%

Independent valuation

Independent valuation (Sep-20)	$19m
Independent cap rate (Sep-20)	7.50%

Section 4

Industry overview

4 Industry overview

4.1. Introduction

HomeCo Daily Needs REIT is expected to own a Portfolio of Neighbourhood Retail, Large Format Retail and Health & Services assets. It operates in the Australian convenience retail property sector which is exposed to the following key themes:

- the convenience retail sector has had a higher growth of turnover compared to other retail sectors, such as department stores, clothing, footwear and personal accessory retailing;
- Neighbourhood Retail centre capitalisation rates compressed from 2014 onwards, supported by a lower interest rate environment; and
- Neighbourhood Retail and LFR sub-sectors have experienced increased foot traffic and leisure and lifestyle and certain furniture tenants have achieved double digit sales growth in the six months ended June 2020 (compared to prior comparable periods).

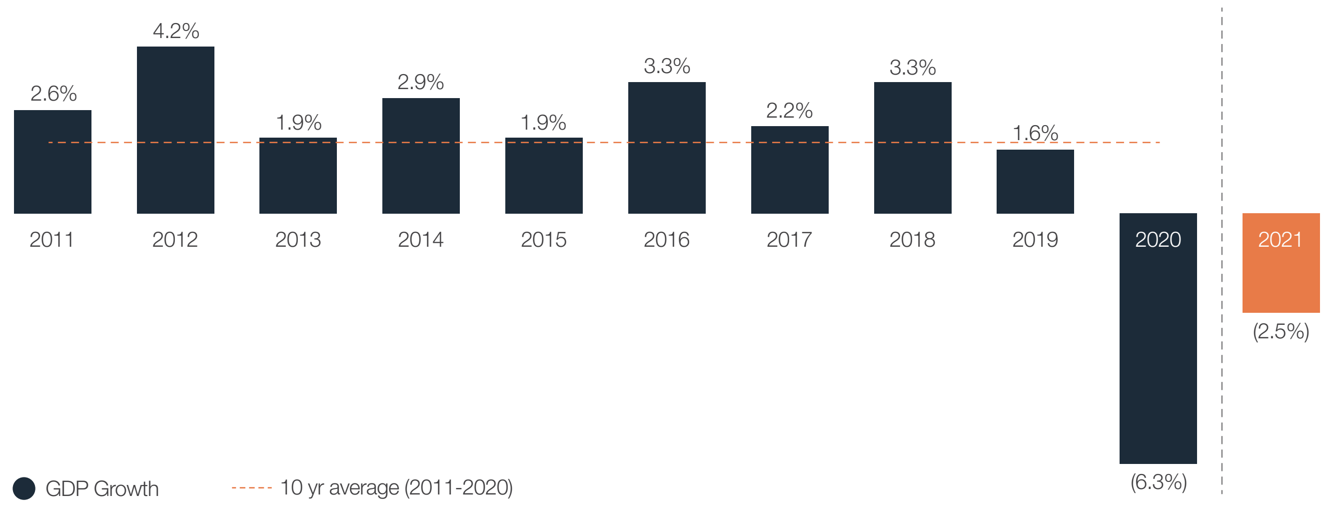
This industry overview is based on the recent performance and outlook for the Australian economy as a whole, and the convenience retail market more specifically.

4.2. Australian economic overview

4.2.1. GDP growth

As reported by the ABS, Gross Domestic Product (**GDP**) fell by 7.0% in the quarter to June 2020, as the COVID-19 pandemic and the corresponding movement restrictions continued to impact economic activity.[87] Private demand detracted 7.9 percentage points from GDP, driven by a 12.1% fall in household final consumption expenditure.[88]

Australian GDP growth[89]



Source: Australian Bureau of Statistics; KPMG.

Despite the broader decline in private consumption, the ABS reported that spending on essentials and household goods (namely food, furniture and household appliances and tools) increased year-on-year for the six months ending June 2020,[90] supported by concerns about the impact and duration of lockdown policies, monetary and fiscal stimulus, and declines in other forms of private consumption, such as tourism.

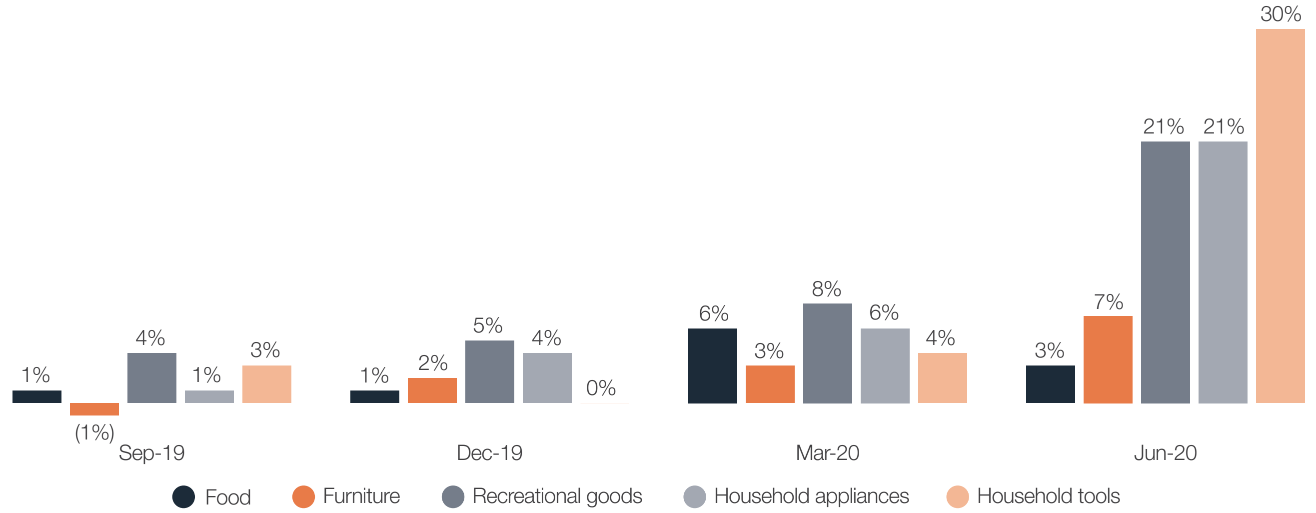
87. *Australian Bureau of Statistics – "Australian National Accounts" June 2020.*

88. *Australian Bureau of Statistics – "Australian National Accounts" June 2020; KPMG – "The Federal Government's Economic and Fiscal Outlook" July 2020.*

89. GDP growth forecasts limited due to uncertainty surrounding the long-term impact of COVID-19.

90. *Australian Bureau of Statistics – "Australian National Accounts" June 2020.*

Household goods consumption (year on year growth)



Source: Australian Bureau of Statistics

4.2.2. 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 generally 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.

To support the Australian economy through the COVID-19 pandemic, the Reserve Bank of Australia (**RBA**) lowered the official cash rate to a record low of 0.25% in March 2020 and commenced a policy of bond yield targeting on Australian Government bonds for the first time. As at September 2020, both these policy settings remain in place. The RBA has resolved that it will not increase the cash rate until progress is being made towards full employment and the RBA is confident that inflation will be sustainably within the 2%-3% target band.[91]

The RBA's current policy settings have seen a reduction in funding costs. The 10-year Commonwealth Government bond rate was 0.78% at 30 September 2020 compared to a 10 year historical average of 2.37%.[92] Furthermore, the spread between the yield on Commonwealth Government 10-year Bonds and the DPS yield on listed real estate has widened over the year to ~336 basis points (**bps**).[93] This compares to a 10-year average of 237 basis points.[94]

91. *Reserve Bank of Australia – 'Monetary Policy Decision' 3 March 2020, 18 March 2020 and 1 September 2020.*

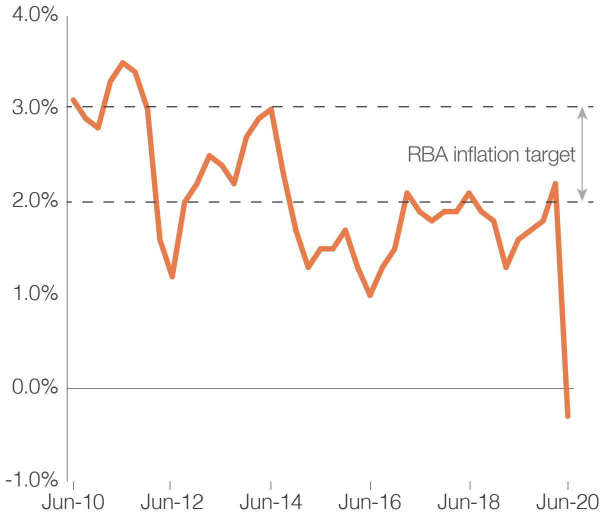
92. Bloomberg as at 30 September 2020.

93. Bloomberg as at 30 September 2020.

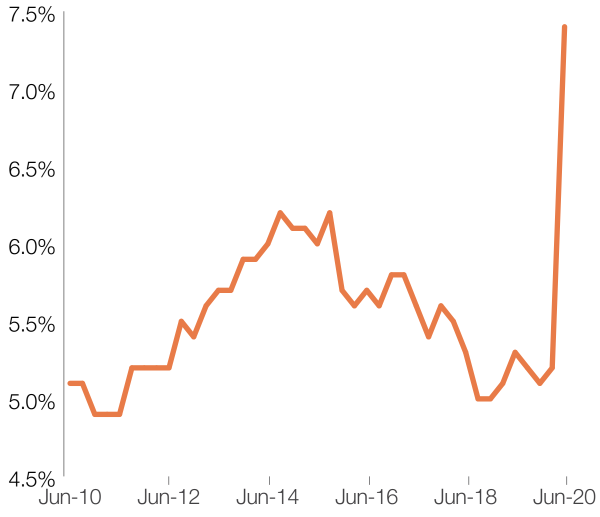
94. Bloomberg as at 30 September 2020.

4 Industry overview (continued)

Inflation (%)[95]

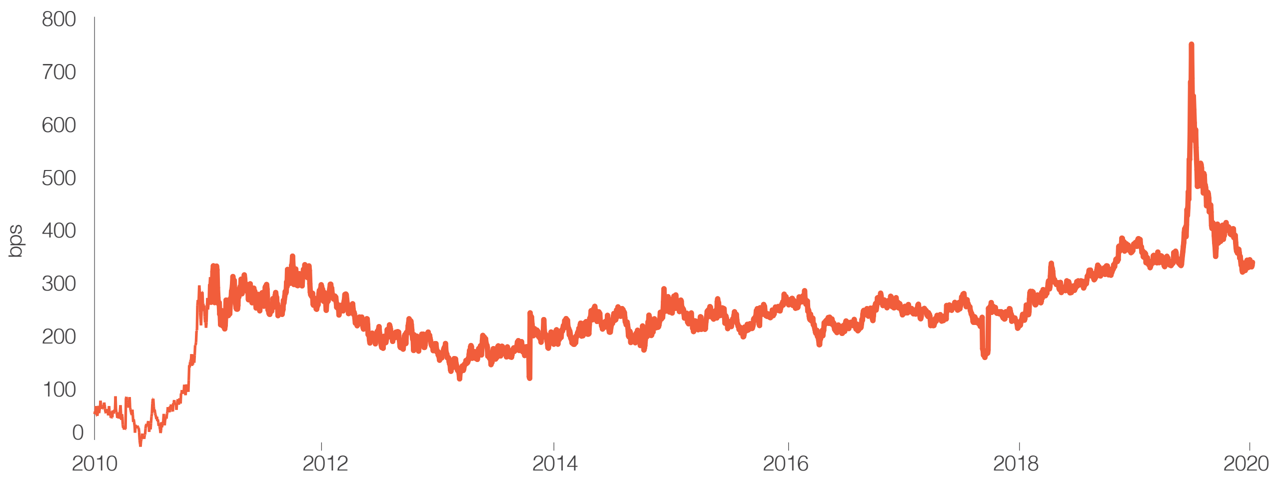


Unemployment rate (%)[96]



Source: Australian Bureau of Statistics

Spread between ASX200 A-REIT index yield and 10-year Commonwealth Government bond rate (bps)



Source: Bloomberg as at 30 September 2020

95. Year-ended CPI change.
96. Seasonally adjusted data shown given the Australian Bureau of Statistics' suspension of trend data (Source: Australian Bureau of Statistics).

4.3. Convenience retail overview

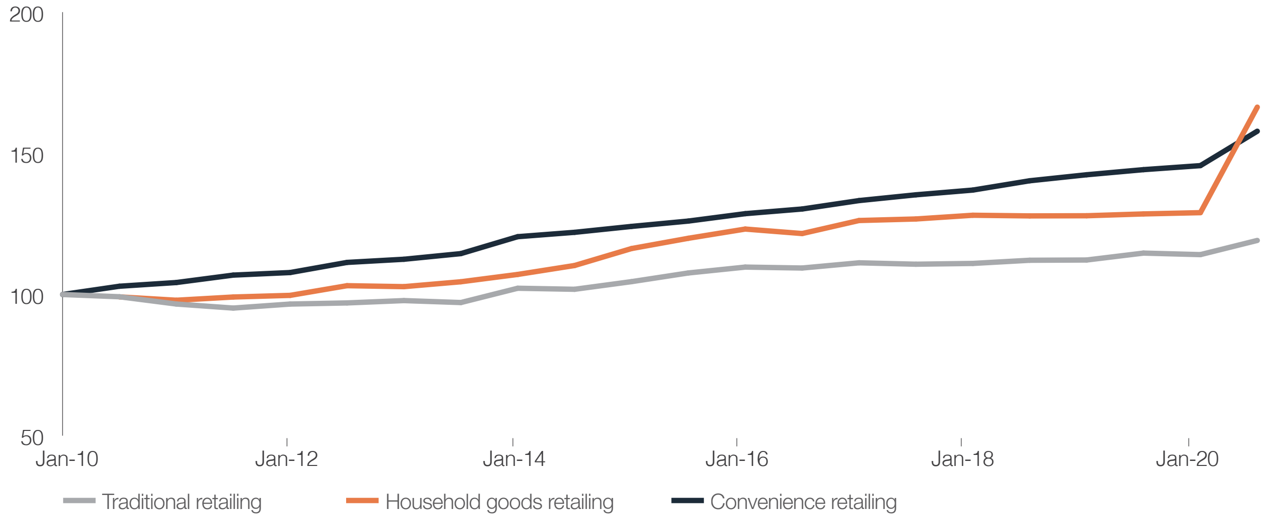
Convenience retail is characterised by offerings of everyday goods and services such as groceries, pharmacies, liquor stores, gyms and childcare. Neighbourhood Retail centres are an important supplier of convenience retail services as they are often anchored by a supermarket and complemented by a small number of specialty shops, such as pharmacies, liquor stores and essential services. LFR centres differ from Neighbourhood Retail as they generally supplement convenience retail such as supermarkets with traditional homemaker offerings such as furniture and electrical appliances.

4.3.1. Market overview

4.3.1.1. Neighbourhood Retail sector

Neighbourhood Retail centres are characterised by a convenience based, non-discretionary tenant mix. 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 years. Both convenience retailing and household goods retailing have outperformed traditional regional and sub-regional shopping centres, and continue to do so given the positive impact of COVID-19 on convenience spending (see section 4.2.1).

Australian retail turnover[97]



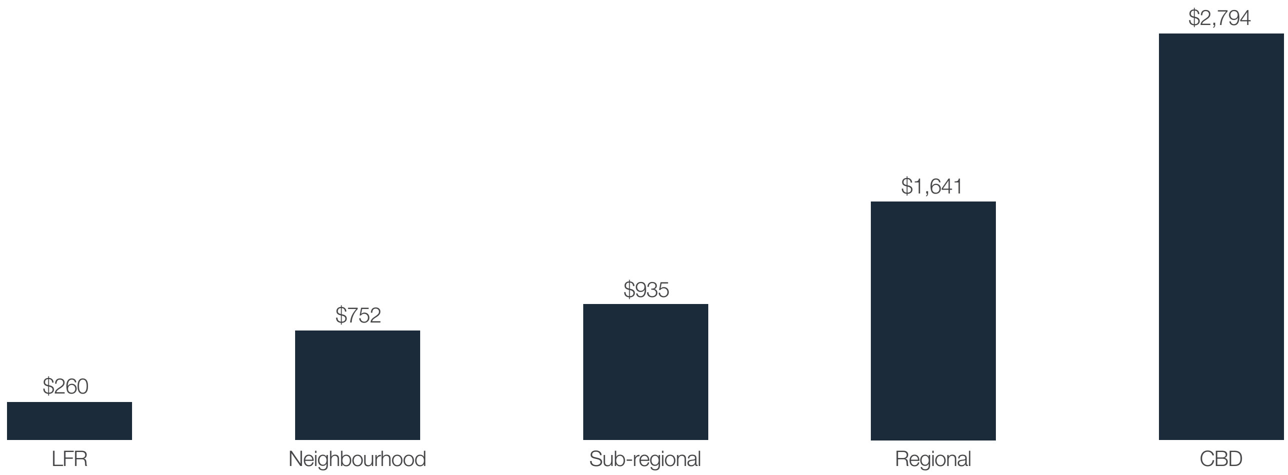
Source: Australian Bureau of Statistics

Furthermore, as illustrated below, Neighbourhood Retail rent levels are substantially lower than regional, sub-regional and CBD sub-sectors, providing an affordable alternative for retailers.

97. Turnover includes retail sales; online sales from store-based and non-store based retailers; wholesale sales; takings from repairs, meals and hiring of goods; commissions from agency activity; and from July 2000, the goods and services tax. 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 Australian Bureau of Statistics categorisation). 'Other retailing' includes pharmaceutical, recreational goods retailing and other categories. Indexed to 100 as at 1 January 2010. Seasonally adjusted data shown given the Australian Bureau of Statistics' suspension of trend data.

4 Industry overview (continued)

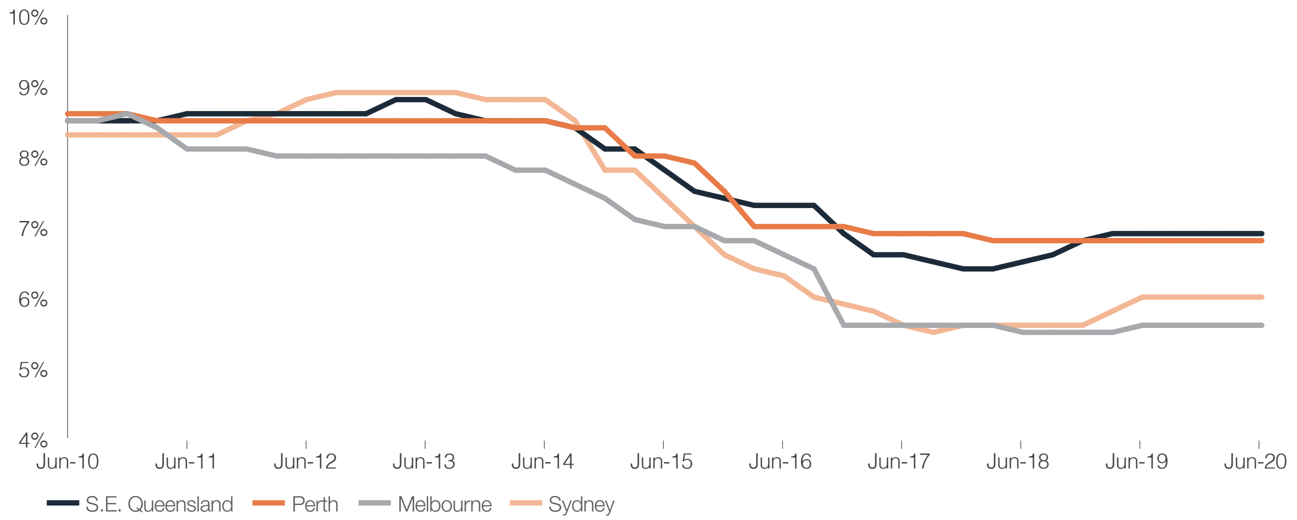
Rent between retail sub-sectors (average rent per sqm)[98]



Source: JLL Research

Despite the tightening in investment selection criteria and stricter bank funding requirements, there continues to be institutional, offshore and private investment demand for Neighbourhood Retail centres. Historically, Neighbourhood Retail yields have been higher than sub-regional yields but, as of June 2017, they have compressed below the average sub-regional yield.[99]

Neighbourhood Retail centre capitalisation rates (%)



Source: JLL research

In the 12 months from March 2019 to February 2020, total online sales grew by 14.4% on average, and this trend has continued with the onset of COVID-19 and the associated shift to online purchasing.[100]

Neighbourhood Retail centres have historically been less susceptible to this trend given their relatively minimal exposure to competition from online retailers. In August 2020, online sales made up only 5.8% of total food sales, compared to non-food online sales, which made up 17.6% of total non-food sales (seasonally adjusted).[101] In addition, lifestyle tenants, including gyms, childcare, medical, government and general services increase dwell time and the frequency of foot traffic.

98. Reflects specialty rents for all sub-sectors as at Q2 FY20.
99. *JLL research – Australian National Retail Category Report 1Q19.*
100. *Australian Bureau of Statistics – Retail Trade, Australia – August 2020.*
101. *Australian Bureau of Statistics – Retail Trade, Australia – August 2020.*

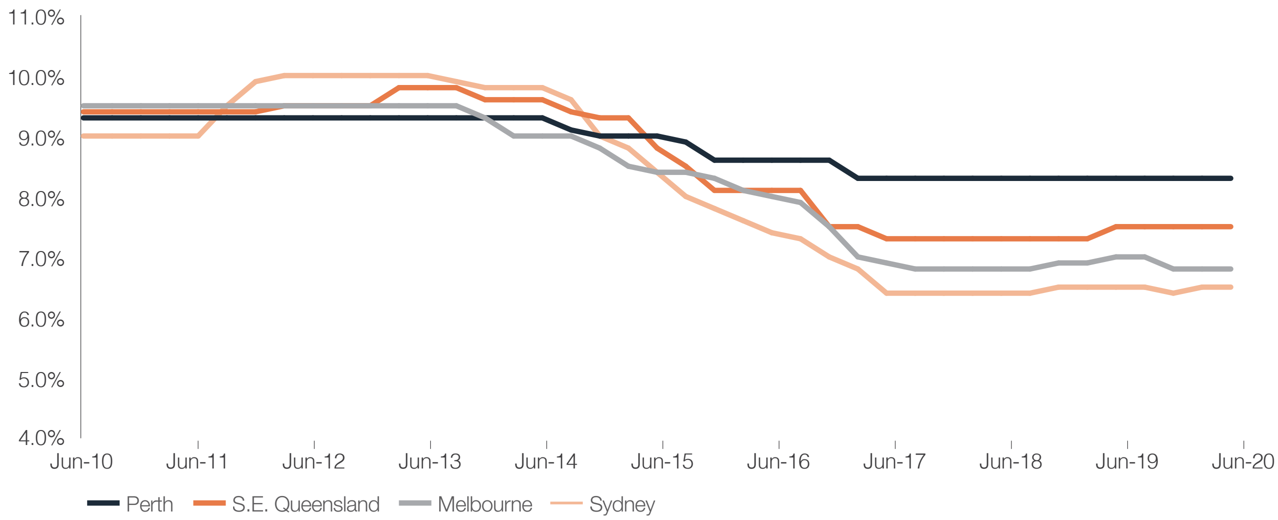
4.3.1.2. LFR sector

LFR centres contribute to 24.7% of all retail sales in Australia, representing $81 billion of turnover in the year to 30 June 2020.[102] The sector occupies more than 35% of all retail floor space[103] and its rents are the lowest amongst all retail sub-sectors, providing retailers with affordability and stability (as illustrated in section 4.3.1.1).[104]

The LFR sector has experienced growth over the past few years, supported by its shift into more convenience-based offerings, such as supermarkets and pharmacies. More recently, this positioned the sector to take advantage of consumer spending trends including the increased spending on essentials and household goods during COVID-19 (as illustrated in section 4.2.1), given LFR centres typically contain such retailers.

Capitalisation rates and sale yields in the LFR sector compressed from 2014 onwards as interest rates began to decline and investors sought investments that generated stable cash flows above cash term deposit rates.

LFR centre capitalisation rates (%)



Source: JLL research

4.3.1.3. Healthcare sector

The healthcare property sector is underpinned by demand driven by Australia's ageing population. Whilst the total population is predicted to grow at 1.8% p.a. from 2018 to 2028, the number of people aged over 65 is predicted to grow at 2.9% p.a. over the same period (pre the impact of COVID-19).[105] Given the higher prevalence of chronic diseases and disabilities in older age brackets, an increase in the number of Australians aged 65 years and older has driven healthcare spending.

In response to rising healthcare costs, the Federal Government has increased its focus on preventative care. In the 10 years to 2017-18, primary healthcare received the largest real increase in funding from government, growing 3.3% on average each year.[106] This resulted in a corresponding increase in the use of primary healthcare services, which includes general medical and dental practitioners, pharmacists, and other allied health professionals. In 2017-18, primary healthcare services accounted for 34% of Australia's total healthcare system expenditure.[107] This trend is forecast to continue, with Commonwealth health expenditure projected to increase from 4.2% of GDP in 2014-15 to 5.5% of GDP in 2054-55.[108]

102. *Large Format Retail Association.*

103. *Large Format Retail Association.*

104. *JLL Research – Category Final Data 2Q20.*

105. *Australian Bureau of Statistics – Population Projections, Australia – 2017 (base) – 2066.*

106. *Australian Institute of Health and Welfare – Health Expenditure Australia 2017-18.*

107. *Australian Institute of Health and Welfare – Health Expenditure Australia 2017-18. Figure excludes aged care.*

108. *Department of Treasury – 2015 Intergenerational Report.*

4 Industry overview (continued)

4.4. Market outlook and summary

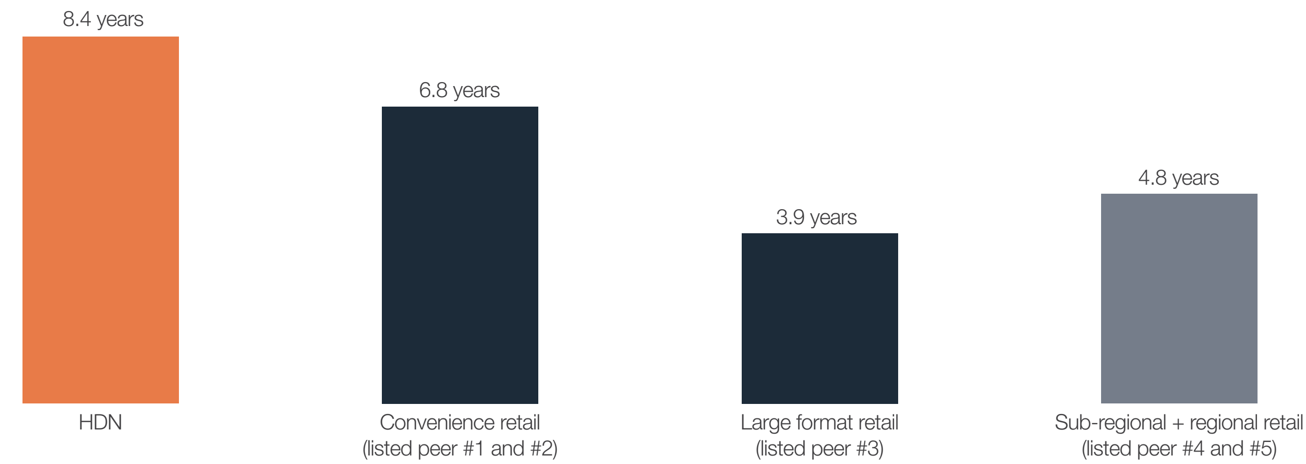
Supported by a retail and services offering that is predominantly non-discretionary in nature, convenience retail is positioned to grow in the future.

4.4.1. Industry characteristics

Despite challenging economic conditions in the six months ended June 2020, the main component of convenience retail spending – groceries – continued to grow. In addition, convenience retail spending grew at a higher rate than other retail sectors (such as department stores, clothing, footwear and personal accessory retailing).[109]

In today's low interest rate environment, assets with long-term leases and structured income growth may offer investors attractive yields.

Weighted average lease expiry by retail sub-sector (years)[110]



4.4.2. Low interest rate environment

The yield on Commonwealth Government 10-year Bonds is often used to benchmark property returns. The yield on Commonwealth Government 10-year Bonds at 30 September 2020 was 78bps – 417bps below the 4.94% yield on equivalent bonds at 30 September 2010, 10 years prior.[111]

Significant declines in yields on Commonwealth Government bonds generally lead to investors increasing their exposure to other asset classes which generate yield, such as listed real estate. Convenience retail is often considered attractive as a large proportion of the leases within convenience retail centres include fixed rental increases.

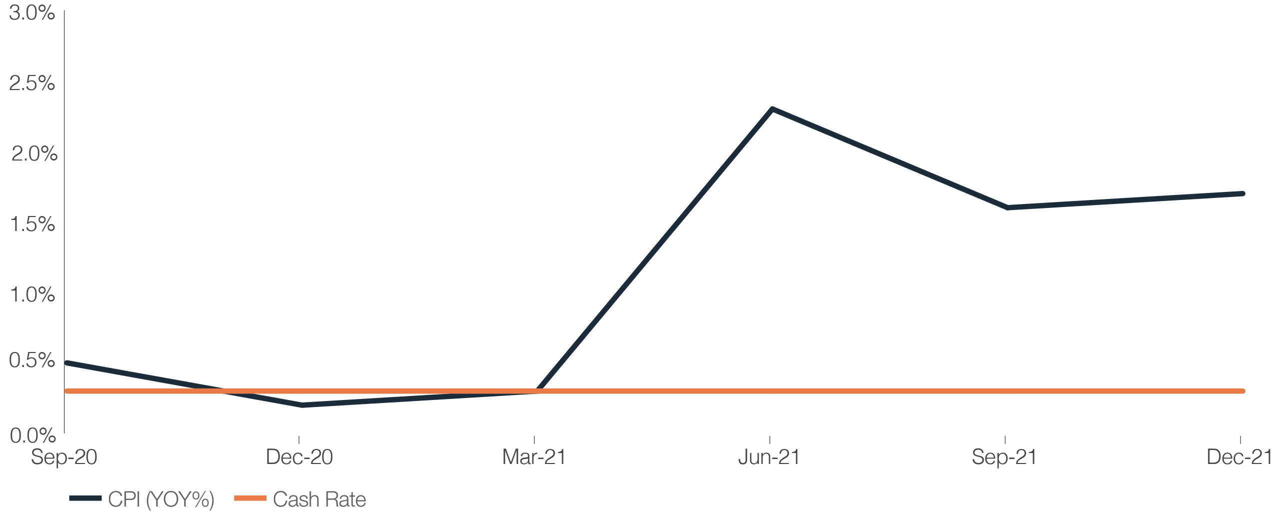
According to Bloomberg consensus figures, economists expect the RBA to maintain the cash rate at 0.25% over the next 18 months.

109. See retail turnover chart in section 4.3.1.

110. WALE by income shown for all except SCG (by GLA). HDN WALE includes acquisition assets, Gregory Hills Town Centre, Glenmore Park Town Centre and Coomera City Centre. SCP FY20 results presentation, CQR FY20 results presentation, AVN FY20 results presentation, SCG FY19 property compendium, VCX FY20 results presentation.

111. Bloomberg as at 30 September 2020.

Bloomberg economic consensus forecasts



Source: Bloomberg as at 30 September 2020

Section 5

Key people, corporate governance and benefits

5 Key people, corporate governance and benefits

5.1. Overview of the management of HomeCo Daily Needs REIT

5.1.1. Responsible Entity

The Responsible Entity is a wholly owned subsidiary of HomeCo. The Responsible Entity has the responsibility for the governance and operation of HomeCo Daily Needs REIT. The Responsible Entity was incorporated on 12 June 2003 and was acquired by HomeCo on 18 September 2020. The Responsible Entity holds an AFSL with number 237257.

5.1.2. Managers

The Responsible Entity has appointed the Property Manager and Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to the REIT under the Management Agreements. The Managers are also wholly owned subsidiaries of HomeCo. The Managers were both incorporated on 21 September 2020. Under the Constitution, the Responsible Entity is permitted to appoint a manager to manage the assets of the REIT, and the Responsible Entity is authorised to, and must, pay all fees and costs under the Management Agreements out of the REIT, subject to the provisions of the Constitution.

5.2. Board of the Responsible Entity and external management

5.2.1. Board of Directors

At Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. As the majority of the Board comprises external Directors, the Responsible Entity is not required to establish a compliance committee for the purposes of the Corporations Act.

DIRECTOR & EXPERIENCE

Simon Shakesheff

Independent Non-Executive Chairman

- Non-Executive Director of Cbus Property, Assembly Funds Management, Kiwi Property and St George Community Housing
- Formerly Head of Strategy and Stakeholder Relations at Stockland Trust Group from 2013 to 2018 where Simon was responsible for Strategy, Research and Stakeholder Relations, and a member of the Executive Committee
- Over 30 years of experience in the finance and real estate industry including 19 years as an equities analyst covering listed real estate and retail companies at Macquarie Bank and JP Morgan, and a further six years as a corporate advisor to major real estate groups, at UBS and Bank of America Merrill Lynch

Simon Tuxen

Independent Non-Executive Director

- Non-Executive Director of Racing New South Wales
- Former General Counsel and Company Secretary at Westfield from 2002 to 2018
- Prior to joining Westfield in 2002, Simon was General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996

5 Key people, corporate governance and benefits (continued)

DIRECTOR & EXPERIENCE

Stephanie Lai

Independent Non-Executive Director, Chair of Audit and Risk Committee

- Non-Executive Director of Superloop and Future Generation Investment Company
- Over 20 years' experience as a Chartered Accountant and is a former M&A partner of Deloitte and KPMG
- Stephanie has significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity
- Stephanie holds a Bachelor of Business (University of Technology Sydney) and is a Graduate Member of the Australian Institute of Company Directors and the Institute of Chartered Accountants (Australia and New Zealand)

David Di Pilla

Non-Executive Director

- Executive Chairman and Chief Executive Officer of Home Consortium
- Founder, a director and the major shareholder of Aurrum
- Former strategic advisor and Director to operating subsidiaries of the Tenix Group of Companies from 2014 to 2016
- 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

Greg Hayes

Non-Executive Director

- Non-Executive Director of Home Consortium
- Director of Aurrum, Ingenia Communities and Precision Group
- Former Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer & Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and interim CEO of the Australian Gaslight Company (AGL), Chief Financial Officer Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited
- Holds a Master of Applied Finance, a Graduate Diploma in Accounting, a Bachelor of Arts, completed an Advanced Management Programme (Harvard Business School)

5.2.2. External management team

The external management team will comprise a group of professionals with experience in asset and funds management and property investment and management. It will have skills across the key disciplines of asset management, project and development management and asset finance.

The Managers are intending to employ professionals who will be directly responsible for the operation and management of the Portfolio under the Management Agreements. At the date of this PDS, those professionals have been identified but have not yet commenced employment. Pending the commencement of their employment, the management team will comprise the following HomeCo executives on an interim basis.

MANAGEMENT & EXPERIENCE

Sid Sharma

HomeCo 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

HomeCo Chief Financial Officer

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 Aurrum.

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

HomeCo General Counsel and Company Secretary

Andrew Selim joined HomeCo in 2017 and is General Counsel and Company Secretary. He is responsible for all legal, compliance and governance activities of the group. Andrew has over 17 years of local and international experience in real estate and corporate law.

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. 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, a Member of the Association of Corporate Counsel Australia and is a Member of the Australian Institute of Company Directors. He previously sat on the Law Society of NSW In-House Corporate Lawyers Committee. Andrew has also been recognised in The Legal 500 GC Powerlist and Doyles Best Lawyers Guide as a leading in-house lawyer.

5 Key people, corporate governance and benefits (continued)

5.3. Ongoing relationship between HomeCo and HomeCo Daily Needs REIT

Home Consortium (a stapled entity consisting of Home Consortium Limited and Home Consortium Developments Limited) is an ASX-listed owner, developer and manager of diversified property investments. Home Consortium was listed on the ASX in October 2019 and trades under the code HMC. Information relating to Home Consortium, including announcements made by Home Consortium since its listing, is available at www.asx.com.au.

As described in this PDS, a number of agreements have been entered into between HomeCo Daily Needs REIT and members of the HomeCo Group. HomeCo will maintain an ongoing relationship with HomeCo Daily Needs REIT in the following manner:

- the Responsible Entity is a member of the HomeCo Group and as such, HomeCo retains the right to appoint (and replace) all Directors on the Board of the Responsible Entity;
- two of the Directors of the Responsible Entity are also directors of HomeCo;
- the Managers are members of the HomeCo Group;
- HomeCo will maintain an investment in HomeCo Daily Needs REIT and following Completion will have an investment of approximately 27% of Units on issue; and
- HomeCo will enter into a voluntary escrow arrangement which prevents HomeCo from disposing of any Units held at Completion for 1 year from Completion.

Certain expenses of the Responsible Entity and the Managers will also be reimbursed from assets of HomeCo Daily Needs REIT, pursuant to the Constitution and the Management Agreements. Further detail regarding the key terms of these agreements is contained in Section 13. In addition, fees and expenses payable to the Responsible Entity and the Investment Manager under the Constitution or the Investment Management Agreements may in certain circumstances be satisfied by the issue of Units.

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. It is important for Unitholders to be able to assess whether the Responsible Entity takes an appropriate approach to related party transactions. Refer to Section 5.7 below for details on HomeCo Daily Needs REIT's Conflicts of Interest and Related Party Policy and the procedures it has in place to manage conflicts of interest and related party transactions following Completion.

5.4. Non-executive Director equity participation

5.4.1. Non-Executive Director Unit acquisition arrangement

Non-Executive Directors can elect to apply up to 50% of their after-tax Board fees to acquire Units under a Unit acquisition arrangement. The Units will be purchased on the Non-Executive Director's behalf on-market, at the prevailing market price, at the next available trading opportunity following payment of the fees, subject to HomeCo Daily Needs REIT's Securities Trading Policy.

The Independent Non-Executive Directors have each nominated to apply 50% of their after-tax Board fees payable in respect of FY21 to purchase Units under the Unit acquisition arrangement.

5.4.2. Independent Non-Executive Director special purchase of Units

The Responsible Entity intends to make a one-off payment of fees to each Independent Non-Executive Director for additional time and effort contributed in relation to HomeCo Daily Needs REIT achieving Completion. The one-off payment will be applied, after the cost of any compulsory superannuation contributions and the deduction of tax, as required, to purchase Units on behalf of each Independent Non-Executive Director (at the Offer Price). The quantum of the payment will be 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 post commencement and $25,000.

It is anticipated that a total of 122,807 Units will be granted to the Independent Non-Executive Directors, with each Independent Non-Executive Director receiving an average of 40,936 Units. Unless the Board determines otherwise, the Units purchased will be subject to disposal restrictions until the Independent Non-Executive Director retires from the Board.

5.5. Interests and benefits of Directors

5.5.1. Directors' interests

The Directors (and their associates) are entitled to apply for Units under the Offer.

A summary of Board and Senior Management personal unitholdings following Completion, including additional Units which the Board and Senior Management are proposing to acquire under the Capital Distribution and the Offer, is provided below.

Directors and Senior Management unitholdings

	Interest in Units (including Units proposed to be acquired under the Capital Distribution and Offer)
Directors	
Simon Shakesheff	170,427
Simon Tuxen	170,427
Stephanie Lai	170,427
David Di Pilla	37,686,870
Greg Hayes	10,190,683
Total Directors	**48,388,833**
Senior Management	
Sid Sharma	37,594
Will McMicking	2,635,228
Andrew Selim	0
Total Senior Management	**2,672,822**
Total Directors and Senior Management	**51,061,655**

The Units to be acquired by Directors and Senior Management under the Capital Distribution and the Offer may be held directly or indirectly through other holdings by companies or trusts, including HomeCo.

5 Key people, corporate governance and benefits (continued)

5.5.2. Remuneration and related arrangements

5.5.2.1. Directors

Under the Constitution, the Responsible Entity is entitled to be indemnified out of the REIT for costs incurred in relation to the proper performance of its duties. The Responsible Entity's practice is to reimburse the Directors' fees and expenses for independent, non-executive Directors only out of the REIT. This is limited to the reimbursement of reasonable expenses incurred by such persons for the purposes of attending Board meetings and the appropriate Director's fees, unless the Responsible Entity determines otherwise. As at the PDS Date, the annual independent non-executive chairman fees agreed to be paid out of the REIT to Simon Shakesheff with effect from ASX listing is $150,000 per annum. The annual non-executive Directors' fees agreed to be paid out of the REIT to each of the proposed Directors Simon Tuxen and Stephanie Lai with effect from ASX Listing is $100,000 per annum. Stephanie Lai will receive an additional $30,000 for committee fees for her proposed role as chairperson of the Audit and Risk Committee. Simon Shakesheff will receive an additional $10,000 for committee fees as a member of the Audit and Risk Committee.

The remaining Directors have waived their remuneration.

5.5.2.2. Management

No fees or salaries are paid by the REIT to the directors, officers or employees of the Managers. Unless disclosed elsewhere in this PDS, no officer of a Manager currently has or has had any material beneficial interest, either direct or indirect, in the promotion of the REIT and in any property acquired or proposed to be acquired by the REIT, or any other similar transaction.

5.6. Custodian

The Custodian is Equity Trustees Limited (ACN 004 031 298). The Responsible Entity has entered into the Custody Deed with the Custodian, under which the Custodian has agreed to hold the assets of the REIT that are transferred or delivered to the Custodian on behalf of the Responsible Entity. A summary of the key terms of the Custody Deed is set out in section 13.6 of this PDS.

5.7. Corporate governance

The Responsible Entity recognises the importance of strong corporate governance and is committed to a high standard of both corporate governance and compliance. The Responsible Entity will determine the appropriate governance arrangements for HomeCo Daily Needs REIT, having regard to market practice, the ASX Recommendations and ensuring that there are adequate arrangements to manage potential conflicts. The corporate governance arrangements established by the Responsible Entity will be continually monitored in order to ensure that they remain effective and appropriate for HomeCo Daily Needs REIT.

The key corporate governance policies and practices that will be adopted by the Responsible Entity in respect of HomeCo Daily Needs REIT from Completion are summarised below.

The Board of the Responsible Entity is appointed by HomeCo to monitor the governance, operational and financial position and performance of the REIT. The Board seeks to ensure that the REIT is properly managed to protect and enhance Unitholders interests, and that the Responsible Entity, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the REIT, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the operation of the REIT and that are designed to promote the responsible management and conduct of the REIT.

5.7.1. 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 have provided guidelines against which entities have to report on an "if not, why not" basis.

The Board of the Responsible Entity has adopted policies recommended by the ASX Recommendations, to the extent that they are applicable to an externally managed listed entity. Under the Listing Rules, the REIT will be required to disclose the extent of its compliance with the ASX Recommendations for each reporting period. Where the REIT has 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 REIT must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The REIT intends to comply with all of the applicable ASX Recommendations from the time of Completion, including as they relate to the composition and operation of the Board and the Audit and Risk Committee. The REIT will also disclose, in the annual report, the extent of its compliance with the ASX Recommendations.

5.7.2. Board composition and independence

At Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. Simon Shakesheff, Simon Tuxen and Stephanie Lai are considered independent Directors. Detailed biographies of the Board members are provided in Section 5.2.1. It is the intention of HomeCo that the Board of the Responsible Entity remains majority independent.

The Board Charter (as summarised in Section 5.7.3) 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 Responsible Entity. The Board considers issues of substance affecting the Responsible Entity, 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.

5.7.3. Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, including in its capacity as the responsible entity of the REIT. 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 key functions of the Board include:

- contributing to and approving management's development of strategy for the REIT, including setting performance objectives and approving operating budgets;
- monitoring performance and implementation of strategy and policy for the REIT;
- reviewing, ratifying and monitoring systems of risk management and internal control, and ethical and legal compliance;
- approving operating budgets, major capital expenditure, acquisitions and divestitures, monitoring capital management, and approving any transactions or matters in excess of authority levels delegated to management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting and ensuring compliance with financial reporting requirements;
- approving the payment of distributions to Unitholders in accordance with the Constitution; and
- developing and reviewing corporate governance principles and policies.

The management function is conducted by the Managers as directed by the Board and in accordance with the Management Agreements. The Managers 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 the Responsible Entity's expense, following consultation with the Chairman or the Board, with the advice being made available to the Board as a whole.

The Board retains oversight over all aspects of HomeCo Daily Needs REIT's business and affairs.

5 Key people, corporate governance and benefits (continued)

5.7.4. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee. Membership of Board committees is based on the needs of the REIT, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

COMMITTEE	OVERVIEW	PROPOSED MEMBERS
Audit and Risk Committee	The Audit and Risk Committee assists 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 the REIT's financial management, application of accounting policies, financial reporting systems and processes; • the appointment, remuneration, independence and competence of the REIT's external auditors; • the performance of the external audit functions and review of their audits; • the accounting judgments exercised by management in preparing the REIT's financial statements; • management's performance against the REIT's risk management framework; • the implementation and effectiveness of the REIT's system of risk management and internal controls; • the REIT's systems and procedures for compliance with applicable legal and regulatory requirement; and • the REIT's taxation risk management, financial risk management, business policies and practices, and risks associated with transactions of a strategic or routine nature.	Stephanie Lai (Chair), Simon Shakesheff, Greg Hayes
Remuneration Committee	Given that the REIT currently has no employees, the Responsible Entity has not established a remuneration committee. The Responsible Entity has applied for in-principle confirmation that ASX will grant, a waiver from the ASX requirement to establish a remuneration committee, as further described in Section 14.8 of this PDS. The remuneration of the proposed independent, non-executive Directors (comprising Simon Shakesheff, Simon Tuxen and Stephanie Lai as at the PDS Date) is determined by the Board, details of which are set out in Section 5.5.2.1 of this PDS. The remaining Directors have waived their remuneration. Management are employed or engaged by HomeCo Group members and not by the Responsible Entity. Accordingly, their remuneration is determined by the relevant employing entity within the HomeCo Group.	

5.7.5. Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be available on HomeCo Daily Needs REIT's website at www.home-co.com.au.

5.7.5.1. Code of Conduct

The Responsible Entity recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct, which is followed by all Directors, as well as all other officers and employees of the Managers, and all other persons that act on behalf of HomeCo Daily Needs REIT.

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

5.7.5.2. Securities Trading Policy

The Responsible Entity has adopted a trading policy to regulate dealings in Units. The policy explains the type of conduct that is prohibited under the Corporations Act and other laws applicable to the Responsible Entity and HomeCo Daily Needs REIT. The policy also establishes a best practice procedure in relation to dealings in Units by Directors, employees and officers of the Managers and their associates.

The 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 Units along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to dealings outside those "prohibited periods".

5.7.5.3. Continuous Disclosure Policy

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

The Responsible Entity 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.

5.7.5.4. Unitholder Communication Policy

The Responsible Entity has adopted a Unitholder Communication Policy. The Responsible Entity aims to ensure that Unitholders are provided with sufficient information to assess the performance of the REIT and that they are informed of all major developments affecting the state of affairs of the REIT in accordance with all applicable laws.

All announcements made to the market, including half year and annual financial results, will be posted on HomeCo Daily Needs REIT's website www.home-co.com.au as soon as they have been released by the Responsible Entity on the ASX. The full text of all notices of meetings and explanatory material, annual reports and copies of all investor presentations made to analysts and media briefings will be posted on HomeCo Daily Needs REIT's website.

5.7.5.5. Whistleblower Policy

The Board has adopted a Whistleblower Policy, which encourages the reporting of suspected unethical, illegal, fraudulent, corrupt or dishonest conduct and provides that those who report may do so with confidence and without fear of intimidation, ramifications or adverse consequences. 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 Key people, corporate governance and benefits (continued)

5.7.5.6. Anti-corruption Compliance Policy

The Board 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 its Code of Conduct. All employees, officers, Directors and agents acting for, or representing the Responsible Entity (including officers and employees of the Managers), 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 Daily Needs REIT;
- offer to provide gifts, hospitality or any other benefit to public officials without prior approval of the Company Secretary of HomeCo Daily Needs REIT;
- make any political or charitable donations on behalf of HomeCo Daily Needs REIT which are or could be perceived to be a bribe;
- engage with or deal with third parties or agents acting for or representing HomeCo Daily Needs REIT 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, or to aid or abet such conduct.

5.7.5.7. Conflicts of Interest and Related Party Transactions Policy

The Responsible Entity has obligations under the Corporations Act and Listing Rules to have in place adequate arrangements to identify and manage conflicts of interest or duty and related party transactions. Given the relationships between the REIT and HomeCo Group, the Responsible Entity has adopted a Conflicts of Interest and Related Party Transactions Policy to ensure there are adequate arrangements to identify and manage conflicts of interest or duty and related party transactions.

In relation to related party transactions, the key elements of the policy include the following:

- the Board will consider the information provided in order to determine whether and how to proceed with any proposed related party 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 Unitholders unless the Board determines that it falls within an appropriate 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.

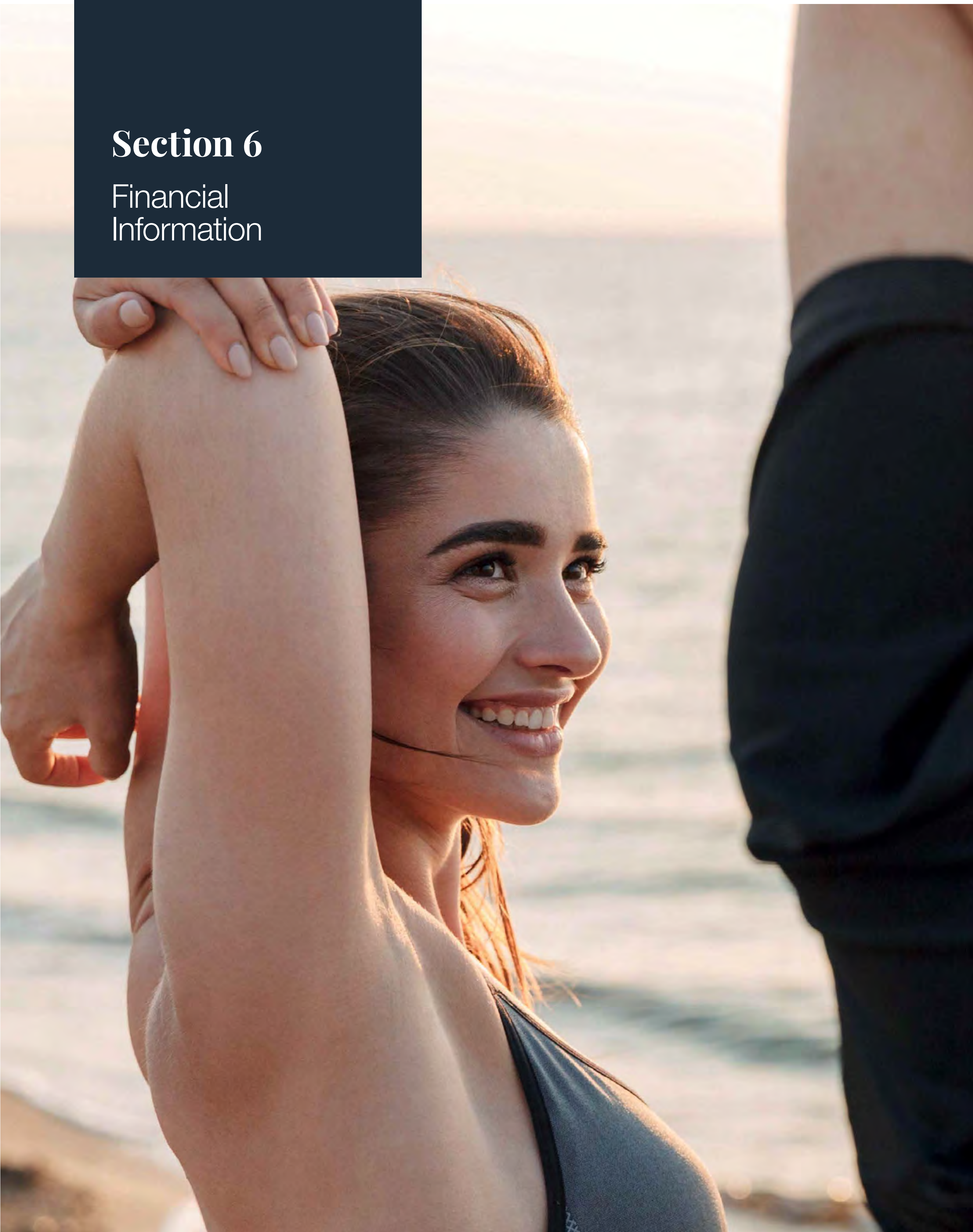
In relation to conflicts of interest, the policy aims to

- identify any actual, perceived or potential conflicts of interest;
- outline policies and procedures to assess and evaluate conflicts of interest; and
- establish processes and procedures to monitor and manage conflicts of interest.

The REIT, the Responsible Entity and the Managers, and any entities owned, either beneficially or legally, by REIT or the Responsible Entity, are required to adhere to the Conflicts of Interests and Related Party Transactions Policy.

Section 6

Financial Information



6 Financial Information

6.1. Introduction

The financial information for the REIT, comprising HomeCo Daily Needs REIT and its respective controlled entities, contained in this Section has been prepared by HomeCo and the Responsible Entity and comprises:

- The pro forma consolidated statement of financial position at the Completion Date (the **Pro Forma Statement of Financial Position**);
- Statutory forecast financial information, being:
  - the statutory forecast consolidated statement of profit and loss for the period from the Completion Date to 30 June 2021 (the **Statutory Forecast Statement of Profit and Loss**); and
  - the statutory forecast consolidated funds from operations for the period from the Completion Date to 30 June 2021 (the **Statutory Forecast FFO**);

(together the **Statutory Forecast Financial Information**);

- Pro forma forecast financial information, being:
  - the pro forma forecast consolidated statement of profit and loss for the 6 months to 30 June 2021 (the **Pro Forma Forecast Statement of Profit and Loss**); and
  - the pro forma forecast consolidated funds from operations for the 6 months to 30 June 2021 (the **Pro Forma Forecast FFO**);

(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 Pro Forma Statement of Financial Position and the Forecast Financial Information together form the **Financial Information**. All Financial Information is presented on the basis that the Offer is fully subscribed to $300 million.

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

Information provided in this Section should be read in conjunction with the sensitivities outlined in Section 6.6, the risk factors outlined in Section 7, and the other information provided in this PDS.

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 Strategy and Transactions Limited whose Independent Limited Assurance Report is contained in Section 9. Investors should note the scope and limitations of that 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 and pro forma forecast net (loss)/profit to the statutory and pro forma forecast FFO for the financial periods from the Completion Date to 30 June 2021 and the 6 months to 30 June 2021 respectively (Section 6.3.2);
- a reconciliation of the statutory net loss from the Completion Date to 30 June 2021 to the pro forma forecast net profit for the 6 months to 30 June 2021 (Section 6.3.3);
- a description of the transactions and adjustments underlying the Pro Forma Statement of Financial Position of the REIT at the Completion Date (Section 6.2.2);
- general and specific best-estimate assumptions underlying the Forecast Financial Information (Section 6.5);
- key sensitivities in respect of the Pro Forma Forecast Financial Information (Section 6.6);
- a description of the REIT's significant accounting policies (Section 6.7); and
- commentary on the liquidity of, and the sources of capital available to the REIT (Section 6.4.1).

See Section 2.8 for a summary of HomeCo Daily Needs REIT's distribution policy and Section 13.7 for a summary of the key terms of the Debt Facility.

6.2. Basis of preparation and presentation of Financial Information

6.2.1. Overview

The Financial Information has been prepared to reflect the implementation of the Proposal, including the acquisition of the Portfolio, Acquisitions, and the Offer as described in this PDS.

No historical financial statements or predecessor accounts of HomeCo Daily Needs REIT exist as the REIT was only established on 7 October 2020, and did not exist in its current form as a subsidiary of HomeCo at 30 June 2020. HomeCo Daily Needs REIT will report on a financial year ending 30 June basis. Accordingly, HomeCo Daily Needs REIT's first annual statutory financial period will be the period from the date it was registered by ASIC as a registered scheme to 30 June 2021, although HomeCo Daily Needs REIT's operations will not commence until acquisition of the properties in the Portfolio on the Completion Date.

No statements of cash flows have been included in this PDS as the Directors believe that the provision of this financial information would not be relevant and meaningful to potential investors.

The Directors of the Responsible Entity and HomeCo are responsible for the preparation and presentation of the Financial Information.

The Statutory Forecast Statement of Profit and Loss has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards (**AAS**).

The Pro Forma Statement of Financial Position 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 reflect the impact of certain transactions and the Offer as if they occurred as at the Completion Date.

The Pro Forma Forecast Statement of Profit and Loss has been prepared in accordance with the recognition and measurement principles contained in AAS.

The Statutory Forecast FFO represents the statutory forecast consolidated net profit/(loss) adjusted for acquisition and transaction costs, straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, movement in AASB 16 lease liabilities and rental guarantees with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

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

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 6.7.

The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures and comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose annual financial reports prepared in accordance with the Corporations Act.

The Forecast Financial Information is based on the best-estimate assumptions set out in Section 6.5. The Directors of the Responsible Entity and HomeCo believe that the Forecast Financial Information has been prepared with due care and attention, and consider the best-estimate general and specific assumptions in Section 6.5 to be reasonable at the time of preparing this PDS.

Due to its nature, the Pro Forma Statement of Financial Position does not represent the REIT's actual or prospective financial position.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the REIT's actual or prospective financial performance and funds from operations for the 6 months to 30 June 2021.

The Financial Information has been prepared on the basis that the Proposal is completed on 26 November 2020 (the **Completion Date**). Prospective investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Financial Information, and that any deviation in the assumptions on which the Financial Information is based may have a material positive or negative effect on the REIT's actual financial performance, FFO and/or financial position.

Investors are advised to review the best-estimate assumptions set out in Section 6.5, in conjunction with the sensitivity analysis set out in Section 6.6, the risk factors set out in Section 7 and other information set out in this PDS.

6 Financial Information (continued)

6.2.2. Preparation of the Pro Forma Statement of Financial Position

Table 5 presents the Pro Forma Statement of Financial Position of the REIT at the Completion Date on the basis that the Offer is fully subscribed to $300 million. The Pro Forma Statement of Financial Position represents HomeCo Daily Needs REIT's financial position at the Completion Date, and has been prepared to reflect the following underlying transactions and adjustments at the Completion Date:

- the acquisition of all properties in the Portfolio from HomeCo for $584 million, comprising:
  - $551 million investment properties, based on the Independent Valuations as at 30 September 2020 set out in Section 10;
  - $29 million right-of-use asset and corresponding $11 million lease liability relating to the leasehold property in Parafield;
  - $14 million asset held for sale relating to a parcel of land at the property in Hawthorn East that is contracted to be sold to HomeCo upon sub-division of the land; and
  - $1 million option for the right to acquire a neighbouring parcel of land at the property in Vincentia.
- $276 million cost of the Acquisitions, comprising Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre
- Drawn debt of $231 million from the new Debt Facility at the Completion Date, reflecting the impact of the Offer, Acquisitions, acquisition and transaction costs and working capital;
- $300 million raising under the Offer (less equity raising costs), through the issue of approximately 226 million Units at $1.33 per Unit;
- $45 million acquisition and transaction costs relating to the Proposal and the Offer (of the total acquisition and transaction costs, $12 million is offset against contributed equity, $6 million is capitalised against the debt raised, and $27 million is expensed through the profit and loss), comprising:
  - $21 million stamp duty and land transfer fees relating to the acquisition of the Portfolio and Acquisitions;
  - $12 million transaction costs relating to the Offer;
  - $6 million debt establishment fees capitalised against the debt raised; and
  - $5 million other transaction costs including professional and ASX listing fees.
- $5 million working capital retained by the REIT.

The adjustments discussed above include assumptions relating to matters that are not known as at the date of this PDS. The Pro Forma Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the REIT's future financial position.

6.2.3. Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors of the Responsible Entity and HomeCo 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 6.5.

The Directors of the Responsible Entity and HomeCo 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 PDS. 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 the REIT's actual financial performance, financial position and/or FFO. Investors are advised to review the assumptions set out in Section 6.5 in conjunction with the sensitivity analysis set out in Section 6.6, the risk factors set out in Section 7, and other information set out in this PDS.

The Forecast Financial Information has been presented on a statutory and pro forma basis and assumes the Proposal is completed on the Completion Date of 26 November 2020.

The Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2021 has been derived from the Statutory Forecast Statement of Profit and Loss for the period from the Completion Date to 30 June 2021, adjusted to exclude the profit and loss impact of any transactions, which are forecast to occur from the Completion Date to 31 December 2020. A reconciliation is shown in Table 4.

The Pro Forma Forecast FFO for the 6 months to 30 June 2021 has been derived from the Statutory Forecast FFO for the period from the Completion Date to 30 June 2021, adjusted to exclude the FFO impact of any transactions which are forecast to occur from the Completion Date to 31 December 2020.

See Section 6.5 for further details of the adjustments.

The Directors of the Responsible Entity and HomeCo 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 PDS, except where required by law.

6.2.4. Non-IFRS financial measures and disclosure

The REIT 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 of the Responsible Entity, HomeCo and the Managers 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 PDS.

In the disclosures in this PDS, the REIT 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 and represents net (loss)/profit adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, acquisition and transaction costs, and rental guarantees. FFO is used by the Board of Directors of HomeCo Daily Needs REIT (the **Board**) to make strategic decisions and as an input to assessing an appropriate distribution 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;
- Distribution yield: represents the rate of return derived by dividing the annualised distribution per Unit by the Offer Price;
- NTA: net tangible assets, represents the REIT's net tangible assets;
- NTA per Unit: represents NTA divided by the number of Units on issue;
- Gearing (%): Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents.

6 Financial Information (continued)

6.3. Statements of profit and loss

This Section contains the REIT's Statutory Forecast Statement of Profit and Loss from the Completion Date to 30 June 2021, the REIT's Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2021, and a reconciliation of statutory and pro forma forecast net (loss)/profit to statutory and pro forma forecast FFO respectively, and a reconciliation of the statutory net loss to the pro forma forecast net profit.

6.3.1. Statutory and pro forma forecast statements of profit and loss

Table 1 sets out the REIT's Statutory Forecast Statement of Profit and Loss from the Completion Date to 30 June 2021 and the REIT's Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2021 on the basis that the Offer is fully subscribed to $300 million.

Table 1: Statutory and pro forma forecast statements of profit and loss

A$ 000s	Statutory forecast – Completion Date to 30 June 2021[1]	Pro forma forecast – 6 months to 30 June 2021
Property rental income	35,980	31,042
Straight lining of rental income and amortisation of lease incentives	2,212	1,898
Total revenue	**38,192**	**32,940**
Direct property expenses and outgoings	(8,364)	(7,198)
Acquisition and transaction costs[2]	(26,681)	–
Responsible Entity fees	(4,484)	(3,856)
Other corporate expenses	(1,100)	(943)
Total expenses	**(40,629)**	**(11,997)**
EBITDA	**(2,438)**	**20,943**
Finance costs – net[3]	(4,878)	(4,195)
Net (loss)/profit[4]	**(7,316)**	**16,748**

Notes:

1. The Statutory Forecast Statement of Profit and Loss has been prepared assuming the Proposal is implemented on the Completion Date (26 November 2020).
2. Expensed Transaction and Offer costs reflect stamp duty, transfer duty and advisers' fees totalling $26.7 million.
3. In the period from the Completion Date to 30 June 2021, $4.9 million net finance costs comprises $3.4 million interest expense (net of $0.1 million interest capitalised relating to centres under development), $1.2 million debt establishment fee amortisation expense and $0.3 million lease liabilities interest expense. In the 6 months to 30 June 2021, $4.2 million net finance costs comprises $2.9 million interest expense (net of $0.1 million interest capitalised relating to centres under development), $1.1 million debt establishment fee amortisation expense and $0.2 million lease liabilities interest expense.
4. The statutory and pro forma forecast statements of profit and loss assume there will be no underlying movement in the fair value of the Investment Properties or other financial assets during the forecast period. No tax expense is expected to arise for the REIT in the forecast periods.

6.3.2. Reconciliation to Statutory and Pro Forma Forecast FFO

Table 2 and Table 3 provide a reconciliation from net (loss)/profit to statutory and pro forma forecast FFO and summary key metrics respectively on the basis that the Offer is fully subscribed to $300 million.

Table 2: Reconciliation of statutory and pro forma forecast net (loss)/profit to statutory and pro forma forecast FFO respectively

A$ 000s	Statutory forecast – Completion Date to 30 June 2021[1]	Pro forma forecast – 6 months to 30 June 2021
Net (loss)/profit	**(7,316)**	**16,748**
Acquisition and transaction costs[2]	26,681	–
Straight lining of rental income and amortisation of lease incentives[3]	(2,212)	(1,898)
Amortisation of capitalised debt establishment fees	1,244	1,067
Movement in AASB16 lease liabilities	(8)	(7)
Rental guarantees	460	393
FFO	**18,849**	**16,304**

Table 3: Key metrics

FFO per Unit (cents)	3.9	3.4
FFO payout ratio (%)	109%	107%
Distributions (A$m)	20.5	17.5
Distributions per Unit (cents)	4.2	3.6
Annualised Distribution yield[4] (%)	5.5%	5.5%
Tax deferred component[5] (%)	100%	100%
Weighted average number of units (millions)	483	483

Note:

1. The Statutory Forecast FFO has been prepared assuming the Proposal is implemented on the Completion Date (26 November 2020).
2. Expensed Transaction and Offer costs reflect stamp duty, transfer duty and advisers' fees totalling $26.7 million.
3. See Section 6.7 for a discussion of the accounting policy related to the straight lining of property rental revenue.
4. The yields for the periods from the Completion Date to 30 June 2021 and for the 6 months to 30 June 2021 have been calculated as the annualised amounts of the distributions expected to be paid for the quarters ending 31 March 2021 and 30 June 2021 (i.e. multiplied by 365 and divided by 216 days from the Completion Date to 30 June 2021, and 181 days for 6 months to 30 June 2021 respectively), divided by the Offer Price. The distribution paid for the quarter ending 31 March 2021 will be pro rata for the period from the Completion Date to 31 March 2021.
5. Tax deferred components of forecast Distributions for Australian income tax purposes are determined in accordance with prevailing Australian tax legislation as at the time of preparing the Offer document. See Section 11 for further details.

6 Financial Information (continued)

6.3.3. Reconciliation of statutory forecast net loss to pro forma forecast net profit

The difference between the Statutory Forecast Statement of Profit and Loss and the Pro Forma Forecast Statement of Profit and Loss for the periods to 30 June 2021 represents the net loss forecast to be incurred from Completion Date to 31 December 2020 as shown in Table 4 below.

Table 4: Reconciliation of statutory forecast net loss to pro forma forecast net profit

A$ 000s	
Statutory forecast net loss – Completion Date to 30 June 2021	**(7,316)**
Add: acquisition and transaction costs	26,681
Less: net profit from Completion Date to 31 December 2020[1]	(2,616)
Pro forma forecast net profit – 6 months to 30 June 2021	**16,748**

Note:

1. Excluding acquisition and transaction costs.

6.4. Pro Forma Statement of Financial Position

Table 5 and Table 6 present the Pro Forma Statement of Financial Position of the REIT at the Completion Date and summary key metrics respectively, on the basis the Offer is fully subscribed to $300 million.

Table 5: Pro Forma Statement of Financial Position at the Completion Date

A$ 000s	At the Completion Date
Cash and cash equivalents	5,000
Rental guarantees[1]	1,819
Current Assets	**6,819**
Investment properties[2]	825,040
Right-of-use assets	29,081
Other assets held for sale[3]	14,100
Other assets[4]	1,000
Non Current Assets	**869,221**
Total Assets	**876,040**
Borrowings[5]	224,255
Lease liabilities	10,900
Non Current Liabilities	**235,155**
Total Liabilities	**235,155**
Net Assets	**640,885**
Contributed equity	667,566
Accumulated losses[6]	(26,681)
Total Equity	**640,885**

Table 6: Key metrics

Units on issue (millions)	483
NTA per Unit[7] (A$)	$ 1.33
Gearing[8] (%)	26.2%

Note:

1. The rental guarantees represent the net present value of the expected cash flows to be received under the rental and incentive guarantees provided by the vendor for the property in Glenmore Park and Home Investment Consortium Company Pty Ltd as trustee for Home Investment Consortium Trust for the property in Parafield. They have been measured at fair value and are subtracted from the valuations of the Investment properties and Right-of-use assets for Glenmore Park and Parafield respectively.
2. Investment property valuations are based on the Independent Valuations set out in Section 10.
3. HomeCo Daily Needs REIT signed a contract prior to Completion to sell a parcel of land at its property in Hawthorn East to HomeCo, subject to the satisfaction of certain conditions precedent. Therefore this asset is classified as held for sale as at the Completion Date. The fair value of this asset is equal to the contracted sale value of $14.1 million.
4. As part of the acquisition of the property in Vincentia, HomeCo Daily Needs REIT acquired an option to acquire a neighbouring parcel of land for $1.0 million.
5. Non-current interest bearing borrowings balance represents $231 million of drawn debt, net of unamortised Debt Facility establishment costs of $6 million.
6. Accumulated losses reflect acquisition and transaction costs expensed as a result of the Proposal and the Offer.
7. Net Tangible Assets (NTA) per Unit is calculated as Total equity divided by Units on issue.
8. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents.

6 Financial Information (continued)

6.4.1. Liquidity and financing sources

In addition to funding the operation of daily needs focused centres, HomeCo Daily Needs REIT's primary requirement for cash is expected to arise from funding acquisitions and the completion of the remaining centres under development. Capex outstanding for the remaining centres under development and vacancies across operating assets is $41 million.

HomeCo Daily Needs REIT's external finance facility is expected to be a $400 million new Debt Facility, of which approximately $231 million is expected to be drawn at the Completion Date on the basis that the Offer is fully subscribed to $300 million. Details of the facility are included in Section 13.7.

HomeCo Daily Needs REIT intends to target a Gearing range of 30% - 40%. If the Offer is fully subscribed, the REIT's pro forma Gearing will be ~26%.

6.5. Assumptions underlying the Forecast Financial Information

The Directors of the Responsible Entity and HomeCo best estimate assumptions relating to the preparation of the Forecast Financial Information are set out below.

6.5.1. General assumptions

In preparing the Forecast Financial Information, the key best estimate general assumptions during the forecast period include:

- all tenant leases and leases entered into by the REIT are enforceable and are performed in accordance with their terms;
- an average CPI rate of 1.5% p.a.;
- no material acquisitions or disposals of investment properties, other than the Acquisitions which are being acquired as part of the Offer, as described in Section 13.8;
- no material disputes or litigation, beyond what is disclosed in Section 14.10;
- no material change in economic environment;
- no material increase in the level of Federal and State government restrictions due to COVID-19. Please refer to the sensitivity of a change in property rental income in Section 6.6 and for a summary of the risks relating to COVID-19 in Section 7;
- all Victorian properties are fully operational during the forecast period, which would require movement to the next step of Victoria's re-opening roadmap;
- no material increase in the level of tenant defaults or decrease in property rental income collection rate;
- no material change in competitive environment in which the REIT operates;
- no material change in credit markets;
- no material changes to the REIT's corporate or funding structure other than as set out in, or contemplated in, this PDS;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside the REIT's control;
- no significant change to the legislative regime and regulatory environment in the jurisdictions in which the REIT operates;
- no significant amendment to any material contract relating to the REIT's business;
- no material change in the management arrangements (including the manager) of the REIT;
- 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 the REIT's financial performance, financial position, accounting policies, financial reporting or disclosure during the period;
- no material changes to the Australian tax legislation;
- the REIT 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 the REIT;

- the acquisition and transfer of the leasehold titles of Parafield occurs prior to the Completion Date. Please refer to Section 13.11.2 for a summary of the Parafield arrangements;
- the Offer proceeds in accordance with the timetable set out in this PDS; and
- 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 of the Responsible Entity and HomeCo do not believe such movements can be reliably estimated.

6.5.2. Specific assumptions

The key best estimate specific assumptions include:

Property rental income

- Property rental income comprises the majority of the REIT's revenue and is generated through operating leases. Property rental income includes outgoings recoveries;
- Property 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;
- Rental receipts are assumed to increase according to the relevant underlying leases. The Portfolio has fixed, CPI and supermarket turnover based rental reviews; and
- HomeCo Daily Needs REIT has two properties under development in Richlands and Ellenbrook. The Forecast Financial Information assumes that the property in Richlands will open in April 2021. Ellenbrook is assumed to open after 30 June 2021. Property rental income for the property in Richlands is forecast to commence in April 2021 based on the contractual terms of each existing signed lease, signed MoUs and issued MoUs.

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 manager's 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 forecast period;
- Retention rates for existing tenants have been forecast on a property-by-property basis based on the manager's 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.

Rental guarantees

- Following the Proposal and the Offer, the REIT will have two rental guarantees relating to its properties in Glenmore Park and Parafield for existing tenant incentives and/or potential vacancy, leasing expenses and tenant incentives incurred to secure a new tenant at the relevant properties;
- Refer to Section 13.11 for details regarding the rental guarantees;
- The Forecast Financial Information assumes that for these properties cash will be received and tenant incentives will be reimbursed in accordance with the rental guarantees. The level of rental guarantees assumed to be received has regard to the assumptions adopted in respect of tenant retention rates, let ups and lease incentives based on independent valuation forecasts; and
- The net present value of the cash flows expected to be received under the rental guarantees has been capitalised on HomeCo Daily Needs REIT's statement of financial position at the Completion Date and are measured at fair value.

6 Financial Information (continued)

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 existing contracts or agreements. 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;
- 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 the REIT from tenants and recognised as part of rental income on a property-by property basis; and
- Property outgoings relating to Ellenbrook and Richlands whilst the centres are under development have been capitalised and are excluded from statutory and pro forma forecast net profit/(loss) and FFO.

Investment Management Fee and Property Management Fee

- The Investment Manager, HomeCo DNR Investment Management Pty Limited (a wholly owned subsidiary of HomeCo), is entitled to receive a Base Management Fee of 0.65% per annum of the GAV of the REIT up to $1.50 billion, and 0.55% per annum of the GAV of the REIT greater than $1.50 billion. Management fees will be paid monthly. In addition, the Responsible Entity will reimburse the Manager for the costs and expenses as described in Section 12;
- The Property Manager, HomeCo DNR Property Management Pty Limited (a wholly owned subsidiary of HomeCo), is entitled to receive property management fees for performing property management services, whether direct or indirect. In most instances, property management fees are recoverable from tenants through outgoings;
- The Property Manager is entitled to receive leasing fees for the provision of leasing services (as agreed between the Responsible Entity and the Manager). Where a third party leasing agent is engaged by the Manager to perform these functions, the Manager will not receive a leasing fee; and
- The Property Manager is entitled to receive development management fees for the provision of property development services (as agreed between the Responsible Entity and the Manager). Development management fees have been capitalised for Ellenbrook and Richlands whilst the centres are under development and are excluded from statutory and pro forma forecast net profit/(loss) and FFO.

Other corporate expenses

- Other 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, and other costs which the REIT expects to incur. These other expenses have been forecast based on relevant agreements and quotes from external parties and by taking into account factors likely to influence the level of these expenses, including the REIT's estimated market capitalisation and gross assets.

Net interest expense related to borrowings

- Borrowings under the new Debt Facility are forecast to incur an average all-in interest rate of 2.5% per annum inclusive of margins, commitment fees and forecast hedging arrangements;
- Establishment fees under the Debt Facility of $6 million have been capitalised against the debt balance and will be amortised on a straight-line basis over the term of the Debt Facility;
- Interest income of 0.0% per annum on any cash balances; and
- Capitalisation of approximate interest costs associated with project capex spent on Ellenbrook and Richlands whilst the centres are under development, assuming an average interest rate of 2.5% per annum.

Tax

- The REIT is expected to be treated as an Attribution Managed Investment Trust for Australian tax purposes. Under current Australian income tax legislation, the REIT is not liable for Australian income tax, including capital gains tax, on the basis that Unitholders will generally be liable for tax on the net income of the REIT on an attribution basis. Accordingly, no allowance for income tax has been made.

Acquisitions and transaction costs

- Transaction costs include stamp duty, transfer duty, ASX listing fees, legal fees, adviser fees, printing and mailing, advertising and other expenses associated with the Offer;
- At the date of this PDS, these transaction costs have been estimated at $45 million based on existing agreements and quotes on the basis of the Offer being fully subscribed to $300 million;
- $12 million of costs associated with raising equity have been netted against contributed equity;
- $27 million are being expensed to the statutory forecast consolidated statement of profit and loss including $21 million of stamp duty and transfer duty associated with the Proposal and Acquisitions; and
- the remaining $6 million is the establishment fees of the new Debt Facility which have been capitalised.

Capital expenditure

- Forecast based on the REIT'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 centres under development in Ellenbrook and Richlands. The development capital expenditure is assumed to be funded from drawdowns on the Debt Facility.

Distributions

- Forecast Distributions equivalent to an annualised 5.5% yield on the Offer Price are forecast for the periods from the Completion Date to 30 June 2021, and the 6 months to 30 June 2021. This reflects a FFO payout ratio of 109% and 107% in those periods respectively; and
- HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio in the range of 90% and 100% of FFO once its portfolio is fully stabilised. Distributions are to be made quarterly with the first distribution expected to be paid in May 2021. It is expected to be a pro rata amount based on the period between the Completion Date and 31 March 2021. The Directors of the Responsible Entity will review and assess the appropriateness of the REIT's distribution policy on a half yearly basis.

6.6. 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 of the Responsible Entity, HomeCo and the Managers. These estimates and assumptions are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 7.

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

To assist investors in assessing the impact of these assumptions on Pro Forma Forecast Financial Information, Table 7 sets out the sensitivity of the REIT's Pro Forma Forecast 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.

6 Financial Information (continued)

Table 7: Sensitivity analysis

A$ 000s		Pro forma forecast – 6 months to 30 June 2021
FFO		**16,304**
Incremental impact from change in assumptions:		
25 basis points change in average annual interest rate[1]	+/-	(307)
1% change in property rental income received	+/-	314
50 basis points change in CPI	+/-	(16)
5% change in other corporate expenses	+/-	(47)

Note:

1. Assumes a 25 basis point (increase)/decrease to fixed and variable interest rates in the 6 months to 30 June 2021.

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 FFO. In practice, changes in variables may offset each other or may be cumulative.

6.7. Summary of significant accounting policies

The preparation of the Financial Information requires estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

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 REIT has control. The REIT controls an entity when the REIT 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 REIT. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the REIT.

Intercompany transactions, balances and unrealised gains on transactions between REIT entities 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 REIT. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and consolidated statement of financial position respectively.

Revenue recognition

i) Property 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) Other property income

The REIT 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) Rental guarantees

The rental guarantees relating to the properties in Glenmore Park and Parafield are capitalised on HomeCo Daily Needs REIT's statement of financial position. They are measured at fair value, equal to the net present value of expected future cash flows under the guarantee arrangements. The guarantee payments relating to the properties in Glenmore Park and Parafield are recorded in FFO as an adjustment to statutory net profit/(loss) over the period of the guarantee.

iv) Interest

Interest revenue is recognised as interest accrues using the effective interest method.

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 fit outs 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 fees and other expenses

All expenses are recognised on an accrual basis. Management fees are recognised as the services are rendered. The services relate to property and fund management roles provided by the Manager. Management fees are charged in accordance with the management fee arrangements agreed with the REIT.

Investment 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 measured in the statement of 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.

Leases

HomeCo Daily Needs REIT will lease a property in Parafield under a head lease agreement (ground lease) for the sub-letting to tenants. The lease has a 28 year term remaining with an option to extend.

The lease is recognised as a right of use asset and a corresponding lease liability at the date at which the leased asset is available for use by HomeCo Daily Needs REIT. 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 the lease agreement, discounted using the interest rate implicit in the lease, if that rate can be determined, or the REIT'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.

6 Financial Information (continued)

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 the REIT 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.

Derivative financial instruments

Derivative financial instruments such as interest rate swaps are designated as financial instruments at fair value through the statement of profit and loss. The REIT 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 REIT is intended to be treated as a "flow-through" entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the REIT will be taxable in the hands of the Unitholders on an attribution basis.

6.8 Working Capital

The Board is of the opinion that the REIT will have sufficient working capital to carry out its stated business objectives. The REIT is expected to have $5 million in cash at bank and $169 million in undrawn debt capacity under the Debt Facility at Completion of the Offer and settlement of the Acquisitions. Therefore, HomeCo Daily Needs REIT is expected to have combined cash and undrawn debt reserves of $174 million as at Completion of the Offer assuming settlement of the Acquisitions.

Refer to Section 13.7 for details on the Debt Facilities.

Section 7

Investment risks

7 Investment risks

HomeCo Daily Needs REIT 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 Daily Needs REIT's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of the Units.

The principal risk factors are described below.

The risks set out in this section 7 are not an exhaustive list of the risks associated with HomeCo Daily Needs REIT or the industry in which it operates, or an investment in the Units 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 PDS.

There can be no guarantee that HomeCo Daily Needs REIT will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.

Before deciding whether to invest in HomeCo Daily Needs REIT, you should read the entire PDS and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in HomeCo Daily Needs REIT is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

7.1. Risks specific to an investment in the REIT

7.1.1. COVID-19 impact

The COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, have restricted travel and the ability of individuals to leave their homes, travel to places of work and has disrupted the ordinary patterns of consumption of goods and services.

Furthermore, the National Cabinet's Code of Conduct setting out leasing principles for small to medium enterprises (**SMEs**) in Australia has been given effect through state and territory legislation or regulation. The Code applies to SME tenants whose turnover is under $50 million and who are also eligible for the Australian Government's JobKeeper program. While there is some variation amongst the states and territories, in general landlords are required to grant rent relief to eligible tenants on a proportionate basis, in line with their reduction in trade due to COVID-19. A number of states and territories have extended their regulatory regime until 31 December 2020 and have indicated further extensions and variations to the categories of tenants covered by mandatory relief, and the scope and nature of that relief, are possible.

Some tenants at Properties within the Portfolio have already experienced an adverse impact on sales and supply chains, borne out of ongoing international and domestic travel restrictions, government lockdown measures, and broader global uncertainty around a recovery of business activity.

Certain assets in the Portfolio were afforded significant rental abatements during first quarter 2020. NOI and cash collections has normalised post rental renegotiations in June 2020, with cash collections of 94% for the period July 2020 to September 2020.[112]

The economic impact of COVID-19 has already increased the level of unemployment in some of HomeCo Daily Needs REIT's key markets and could reduce further consumer and business spending, particularly after the various fiscal stimulus measures associated with COVID-19 are brought to an end by respective governments.

Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on HomeCo Daily Needs REIT. There is a prospect that store closures on a more significant scale may once again occur if the COVID-19 outbreak cannot be adequately contained, which could limit all or a material amount of trading at Properties within the Portfolio. Further, a number of aspects of HomeCo Daily Needs REIT's tenants may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including disruption to supply chain and workforce, particularly the availability of products and logistics (including shipping of products) and government-imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers. There is a risk that if the duration of events surrounding COVID-19 are protracted, HomeCo Daily Needs REIT may need to take additional measures in order to respond appropriately.

112. Rent collection of contracted rent to 30 September 2020 at all HomeCo Daily Needs REIT assets, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and Coomera City Centre QLD.

In particular, HomeCo Daily Needs REIT owns 5 convenience centres in Victoria which have been subject to lock-down restrictions imposed by the Victorian government. Some tenants' operations may have been impacted by these lock-down restrictions, resulting in a deterioration of financial performance which may, in the future, impact upon the ability of HomeCo Daily Needs REIT to collect rent in the ordinary course. No guarantee can be provided in relation to the length of the lock-downs currently in place or when operating conditions will return to normal after lock-downs are lifted. As such, the ongoing performance of tenants within those centres remains uncertain.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of HomeCo Daily Needs REIT and may be exacerbated in an economic recession or downturn. These include but are not limited to: (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic conditions which may affect the income and expenses of HomeCo Daily Needs REIT.

7.1.2. The REIT's rental income may decline

HomeCo Daily Needs REIT's primary source of income is generated through its leasing arrangements with the tenants of the Properties within the Portfolio.

Following Completion, distributions made from the REIT will be largely dependent on the rents received from tenants across the Portfolio, expenses incurred during operations and capital expenditure incurred. The REIT's rental income and expenditure may be affected by a number of factors, including, amongst others:

- overall economic conditions;
- local real estate conditions;
- the financial condition 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 pandemics, terrorist attacks, significant security breaches or a major world event.

The REIT expects to receive rental income from its Portfolio, as described in Section 6. However, 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 PDS 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 the REIT 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 the REIT to meet lease terms (including performance hurdles).

This has the potential to decrease the value of the REIT and would also have an adverse impact on the REIT's financial performance and distributions.

7 Investment risks (continued)

7.1.3. The REIT may be unable to lease properties, or they may be vacant

As at the date of this PDS, approximately 98%[113] of HomeCo Daily Needs REIT's operating Properties are occupied and approximately 93%[114] of HomeCo Daily Needs REIT'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 a "memorandum of understanding" between HomeCo Daily Needs REIT and the proposed tenant. There is a risk that, despite there being an agreement for lease on memorandum of understanding in place, HomeCo Daily Needs REIT is not able to enter into a lease with the proposed tenant in respect of the vacant properties. Should HomeCo Daily Needs REIT be unable to secure a tenant for a vacant property for a period of time, this will result in lower rental returns to HomeCo Daily Needs REIT, which could materially adversely affect HomeCo Daily Needs REIT's financial performance and distributions.

Leases of Properties come up for renewal on a periodic basis. There is a risk that HomeCo Daily Needs REIT 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 Daily Needs REIT 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 Daily Needs REIT, which could materially adversely affect HomeCo Daily Needs REIT's financial performance and distributions.

HomeCo Daily Needs REIT 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 Daily Needs REIT and distributions.

7.1.4. 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 Daily Needs REIT 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 Responsible Entity intends 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.

The valuations contained in the Valuation Reports reflect the relevant valuers' assessment of the value of the relevant Property as at 30 September 2020 (for 14 properties) and as at 1 December 2020 (for the acquisition properties). 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 Daily Needs REIT's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HomeCo Daily Needs REIT's financial position and performance, and on distributions.

113. Occupancy does not include Ellenbrook and Richlands.

114. Occupancy does not include Ellenbrook and Richlands.

7.1.5. 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 Daily Needs REIT'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, Western Australia or South Australia experience a downturn in activity, HomeCo Daily Needs REIT's financial performance and distributions may be adversely impacted.

7.1.6. Tenant concentration

Whilst the REIT has a diverse tenant mix, approximately 62% 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 Daily Needs REIT may not be able to find suitable replacements or may not be able to secure lease terms that are as favourable as current terms. HomeCo Daily Needs REIT's financial performance could be adversely impacted if HomeCo Daily Needs REIT 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.

7.1.7. Responsible entity and management

By investing in HomeCo Daily Needs REIT, Unitholders have delegated investment decisions to the Responsible Entity and its officers. The Responsible Entity has delegated the day to day management of HomeCo Daily Needs REIT and the Portfolio to the Managers, and is also assisted by other external service providers.

Accordingly, HomeCo Daily Needs REIT is reliant on the management expertise, support, experience and strategies of the key executives of HomeCo and other third parties, which cannot be assured. If Home Consortium Developments Limited (and its subsidiaries) and other third parties do not perform as service providers this could have an adverse impact on the management and performance of HomeCo Daily Needs REIT and therefore distributions and the Unit price. The past performance of HomeCo is not a guarantee of the future performance of HomeCo Daily Needs REIT.

The ability of the Managers to discharge their respective responsibilities in terms of managing the Portfolio business model depends to a significant extent, on the experience, knowledge and performance of its key personnel; in particular the senior management of HomeCo as disclosed in Section 5. The loss of key personnel, a sustained underperformance by key personnel or any delay in the appointment of their suitable replacements may therefore materially adversely affect the financial performance of HomeCo Daily Needs REIT and distributions.

In addition, if HMC Funds Management Limited is replaced as responsible entity of HomeCo Daily Needs REIT by an entity that is not a related body corporate of the HomeCo Group, there is potential for adverse effects to be experienced by HomeCo Daily Needs REIT due to the loss of the services of the Managers (as the Investment Management Agreement and Property Management Agreement will provide the incoming responsible entity and/or the Managers a right to terminate in these circumstances). If the agreements are terminated as a result of the change in responsible entity, the Managers will be entitled to a compensation payment under the relevant agreement.

7.1.8. Relationship with HomeCo

Although HomeCo Daily Needs REIT believes that its close association with HomeCo will bring many benefits, there are also certain risks that are inherent in the relationship.

HomeCo is expected to retain a substantial interest in HomeCo Daily Needs REIT. As such, HomeCo and its associates are likely to have the ability to determine (or have significant influence over) any resolution put to Unitholders, including a resolution to remove the Responsible Entity.

In performing its roles of responsible entity of HomeCo Daily Needs REIT, co-owner of certain of the Properties, manager of the REIT and the Properties, property developer, and provider of corporate and other services, the interests of HomeCo and HomeCo Daily Needs REIT may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in this PDS, these agreements were negotiated between affiliated entities.

After Completion, to the extent not constrained by those agreements, it should be assumed that HomeCo will pursue its own interests. Because of its dependence on HomeCo and the limited termination rights in the agreements between the REIT and HomeCo, it may be difficult for HomeCo Daily Needs REIT to negotiate amendments to those agreements, and it would be difficult for HomeCo Daily Needs REIT to remove HomeCo from any of the roles it will perform with respect to the Properties and the operation of HomeCo Daily Needs REIT.

7 Investment risks (continued)

In addition, HomeCo has the power to appoint and remove directors to the Board of the Responsible Entity, and Unitholders will not have such power. The only way for Unitholders to change the Board and management of HomeCo Daily Needs REIT would be to vote to remove the Responsible Entity (noting that HomeCo will retain a substantial interest in HomeCo Daily Needs REIT and could vote on such a resolution). Such an action would have the consequences under the agreements between HomeCo Daily Needs REIT and HomeCo below.

Finally, HomeCo conducts a business that is complementary to that of HomeCo Daily Needs REIT. HomeCo has an asset-based investment strategy. In considering investment opportunities, the Managers and Responsible Entity must make a decision as to which of HomeCo Daily Needs REIT, or HomeCo, or any other funds managed in the future by the Responsible Entity or members of the HomeCo Group, will have the opportunity to participate in the relevant opportunity. The Investment Manager has committed to first offer to HomeCo Daily Needs REIT any opportunity to acquire an investment in an asset that the Investment Manager identifies and which falls within HomeCo Daily Needs REIT's investment strategy (subject to certain exceptions), however neither HomeCo Daily Needs REIT, nor any HomeCo Group member (nor any other fund), will otherwise have priority over the other in relation to any investment opportunity.

7.1.9. Transactions that are signed but not completed

Completion of the Acquisitions or transfer of the Properties has not yet occurred and will not occur until after the Meeting. Some of the Acquisitions are conditional upon the consent of third parties which, whilst unlikely, have not been given at the date of this PDS and may not be provided. Where the consent of a third party is not received, the acquisition may not proceed and the Portfolio will differ from that set out in this PDS. That may have an adverse impact on HomeCo Daily Needs REIT's financial performance and distributions.

In addition, certain exemptions from stamp duty have been sought or obtained. If these exemptions are not available, including if conditions are not satisfied, stamp duty may be payable. This may have an adverse impact on HomeCo Daily Needs REIT's financial performance and distributions.

7.1.10. Consent risk

In order for HomeCo Daily Needs REIT to acquire the Parafield asset (and for the parent guarantee to be transferred to HomeCo Daily Needs REIT), the consent of the airport owner is required. Those consents may not be forthcoming, including prior to Completion, and so there may be a period after Completion before that acquisition can take place (and the guarantee be assigned or transferred) or the acquisition may not occur. That may have an adverse impact on HomeCo Daily Needs REIT's financial performance and distributions.

7.1.11. Model Portfolio

While the Portfolio has been constructed with reference to the Model Portfolio, the actual composition of the Portfolio may be inconsistent with the Model Portfolio at any given point in time. Moreover, the Responsible Entity may deem it necessary or in the best interests of Unitholders, to target a Portfolio composition that departs from the Model Portfolio in order to achieve the objectives of HomeCo Daily Needs REIT.

Finally, the Model Portfolio may be modified over time to reflect updated quantitative analysis, which could cause the actual composition of the Portfolio to differ from the Model Portfolio.

7.1.12. E-commerce trends could materially reduce trading activity at HomeCo Daily Needs REIT centres

There has been an observed trend towards consumers using e-commerce sales channels when purchasing goods and services. This trend has resulted in significant disruption to the operations of traditional retailers, some of which are tenants within the Portfolio centres.

There is a risk that consumer preferences for online shopping may, over time, reduce the level of trading seen at Properties in the Portfolio. Moreover, the overall disruption to retailing in Australia associated with e-commerce may ultimately impact upon the rents that can be charged by retail focused landlords, such as HomeCo Daily Needs REIT.

While HomeCo Daily Needs REIT can take steps to mitigate its exposure to these trends, a fundamental shift away from in-store shopping across all retail categories would likely have a negative impact on HomeCo Daily Needs REIT's financial performance, financial position and distributions.

7.1.13. Certain related parties are also major tenants on arm's length terms

In addition to their unitholdings, the Spotlight Retail Group (through the Spotlight and Anaconda brands), the Chemist Warehouse Group and Aurrum Childcare are significant tenants of HomeCo Daily Needs REIT as they are controlled by persons who are also on the board of the Responsible Entity and/or HomeCo. Leases entered into with the Spotlight Retail Group (through the Spotlight and Anaconda brands), the Chemist Warehouse Group and Aurrum Childcare are entered into on arm's length terms and the REIT has put in place the related party protocols summarised in Section 5.7.5.7 in order to address any related party issues connected with future leases. Pursuant to waivers to be granted by ASX, no Unitholder approval will be required in relation to the entry or extension of a lease with one or more of these related parties, provided certain conditions are satisfied.

7.1.14. The REIT's dependence on corporate services from HomeCo

HomeCo Daily Needs REIT will receive corporate services in some areas from HomeCo. The REIT will be reliant on HomeCo for the provision of those corporate services on satisfactory terms and will be reliant on HomeCo for the standard of services it receives. As a result, it will have limited control over the standard of those services and may need to negotiate with HomeCo regarding their cost. If there is any disruption to the provision of these services, there may be a negative impact on the ability of HomeCo Daily Needs REIT to advance its business plans.

HomeCo Daily Needs REIT has undertaken due diligence inquiries to ensure that the creation of HomeCo Daily Needs REIT as a separately listed entity does not trigger any unforeseen costs to either HomeCo or HomeCo Daily Needs REIT (including taxes or charges) and does not trigger any third party rights under contractual arrangements. However, there is a risk that such costs or rights may be triggered or that a claim may be made that such costs or rights have been triggered.

7.1.15. Capital expenditure requirements may be higher than expected

The forecast capital expenditure described in Section 6 represents HomeCo Daily Needs REIT's current best estimate of the associated costs in maintaining and developing the Portfolio over the forecast period. Whilst capital expenditure is not anticipated to be significant, there is a risk that the required capital expenditure will exceed the current forecasts, which could lead to increased funding costs and adversely impact distributions.

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 the REIT's financial performance and distributions.

7.1.16. Development activities may involve higher risks

In seeking to maximise returns for investors, HomeCo Daily Needs REIT intends to develop the existing development sites and tenancies yet to open at trading sites. As described in Section 2, HomeCo Daily Needs REIT 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 Daily Needs REIT in relation to existing or future development projects will depend on the terms of the transaction at the time. HomeCo Daily Needs REIT seeks to mitigate the risks associated with development projects by employing the following risk mitigation strategies:

- ensuring that it has lease commitments (in the form of agreements for lease) in respect of at least 50% of the GLA before commencing 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 Daily Needs REIT'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 Daily Needs REIT's future profits.

7 Investment risks (continued)

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 Daily Needs REIT agrees to bear the excess costs or is able to replace the contractor. However, HomeCo Daily Needs REIT may not be able to replace the contractor with another with similar experience and/or on terms as advantageous to it. In addition, HomeCo Daily Needs REIT 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 Daily Needs REIT and distributions.

Development works are underway at certain properties in the Portfolio. Following completion of these development works, HomeCo Daily Needs REIT 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, the REIT 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 Daily Needs REIT and distributions.

HomeCo Daily Needs REIT 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 Daily Needs REIT manages this risk in its building contracts and build programs.

7.1.17. There may be risks associated with acquisitions

HomeCo Daily Needs REIT will continue to seek to identify new property assets for acquisition, including those identified by the Investment Manager. There is a risk that HomeCo Daily Needs REIT or the Investment Manager 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 Daily Needs REIT.

HomeCo Daily Needs REIT 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 Daily Needs REIT and distributions. 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 Daily Needs REIT'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 Acquisitions has been derived from information made available by or on behalf of the vendors of each property. Although HomeCo Daily Needs REIT (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 Daily Needs REIT 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 Daily Needs REIT may differ from expectations, potentially adversely, including writing down the carrying value of assets.

7.1.18. Properties are illiquid

Property assets are by their nature illiquid investments. If it were necessary or desirable for HomeCo Daily Needs REIT 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 Daily Needs REIT has valued it. Any protracted sale process, inability to sell a Property or sale at a price that is less than HomeCo Daily Needs REIT's valuation of the Property may adversely affect HomeCo Daily Needs REIT's financial performance and distributions.

7.1.19. 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 Daily Needs REIT is not aware of any material environmental contamination at any of its Properties, there is a risk that a property (or a property close to a Property in the Portfolio) may be contaminated now or in the future. Government environmental authorities may require HomeCo Daily Needs REIT to remediate such contamination and HomeCo Daily Needs REIT may be required to undertake any such remediation at its own cost. HomeCo Daily Needs REIT may be liable to remedy sites affected by environmental issues even in circumstances where HomeCo Daily Needs REIT is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if HomeCo Daily Needs REIT is not able to remediate the site properly, this may adversely affect its ability to sell the relevant property or to use it as collateral for future borrowings. Any such event could adversely impact HomeCo Daily Needs REIT's financial performance and distributions.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material. Whilst the nature of HomeCo Daily Needs REIT'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 Daily Needs REIT. 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 Daily Needs REIT 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 Daily Needs REIT 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 Daily Needs REIT'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 Daily Needs REIT and distributions.

7.1.20. The REIT may not be able to meet its forecasts

This PDS contains Forecast Financial Information for the period from the Completion Date to 30 June 2021 and the six month period to 30 June 2021. The forward-looking statements, opinions and estimates provided in this PDS, including the Forecast Financial Information, rely on various factors, many of which are outside the control of HomeCo and HomeCo Daily Needs REIT. 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 Daily Needs REIT.

HomeCo Daily Needs REIT and HomeCo can give no assurance that HomeCo Daily Needs REIT'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 Units.

7.1.21. Failure of risk management and internal control strategies

HomeCo Daily Needs REIT will implement 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 Daily Needs REIT'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 Daily Needs REIT has not adequately anticipated or identified. If any of HomeCo Daily Needs REIT's risk management and internal control processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, the financial performance of HomeCo Daily Needs REIT and distributions and could be adversely impacted.

7 Investment risks (continued)

7.1.22. The REIT may suffer loss for which it is not insured

HomeCo Daily Needs REIT intends to maintain appropriate insurance coverage in respect of the 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 Daily Needs REIT, and could adversely affect the financial performance of HomeCo Daily Needs REIT and distributions.

Increases in insurance premiums as a result of insurance claims or otherwise may also adversely affect HomeCo Daily Needs REIT's financial performance and distributions.

7.1.23. Intellectual Property

HomeCo Daily Needs REIT will trade under the name "HomeCo" and use logos on its Portfolio that references the term "HomeCo". The use of this branding is an important aspect of HomeCo Daily Needs REIT'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 Daily Needs REIT of infringing its intellectual property rights or if a third party commences litigation against the REIT for the infringement of trade mark or other intellectual property rights, HomeCo Daily Needs REIT may incur significant costs in defending such action, whether or not it ultimately prevails. In addition, parties making claims against HomeCo Daily Needs REIT may be able to obtain injunctive or other equitable relief that could limit or prevent HomeCo Daily Needs REIT from commercialising the Portfolio, especially the use of the term "HomeCo" and the HomeCo logo.

In the event of a successful claim of infringement against HomeCo Daily Needs REIT, it may be required to pay damages. Defence of any litigation could impact HomeCo Daily Needs REIT's ability to conduct is business and could cause it to incur substantial expenditure.

7.1.24. The REIT may be unable to refinance, repay or renew its debt

HomeCo Daily Needs REIT uses bank debt to partially fund its business operations. The first and second tranches of the debt facilities the REIT will have in place on Completion (being the Debt Facilities described in Section 13.7) will both expire three (3) years after the date of financial close under the Debt Facilities. HomeCo Daily Needs REIT 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 HomeCo Daily Needs REIT's 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 Daily Needs REIT's financial performance deteriorates, including due to a decline in rental income or the value of the Portfolio, HomeCo Daily Needs REIT may be unable to meet the covenants under the Debt Facilities. This may require HomeCo Daily Needs REIT 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 Daily Needs REIT which has provided security to support HomeCo Daily Needs REIT'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 Daily Needs REIT is unable to repay or refinance the Debt Facilities upon maturity or in the event of a breach of covenant, HomeCo Daily Needs REIT 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 Daily Needs REIT's ability to operate its business, acquire new properties and fund capital expenditure and could materially adversely affect the financial performance of HomeCo Daily Needs REIT and distributions, and HomeCo Daily Needs REIT 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 Daily Needs REIT may also need to access additional debt financing to grow its operations and its Portfolio. If HomeCo Daily Needs REIT is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, HomeCo Daily Needs REIT may not meet its growth targets, which may adversely impact HomeCo Daily Needs REIT's financial performance and distributions.

HomeCo Daily Needs REIT'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 Daily Needs REIT's financial position, financial performance and reputation. Changes in the above factors may impact the cost or availability of funding, and accordingly HomeCo Daily Needs REIT's financial performance, financial position and distributions. There can be no assurances that future financing will be available on terms acceptable to HomeCo Daily Needs REIT, or at all.

To the extent that HomeCo Daily Needs REIT incurs variable rate indebtedness that is unhedged, increases in interest rates may increase the cost of borrowing and this may adversely affect HomeCo Daily Needs REIT's ability to make timely payments in respect of the Debt Facilities. In order to reduce exposure to the impact of moving interest rates, the REIT intends to enter into interest rate swaps at or around 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.

7.1.25. No guarantee of distributions or capital returns

HomeCo Daily Needs REIT does not give a guarantee as to the amount of any income or capital return from the Units or the performance of HomeCo Daily Needs REIT as its ability to pay distributions is subject to many variables.

Even if HomeCo Daily Needs REIT is able to pay a distribution, its ability to maintain and/or increase distributions over time cannot be guaranteed 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 Daily Needs REIT's ability to maintain or increase distributions may be adversely impacted.

Furthermore, there may be restrictions on HomeCo Daily Needs REIT's ability to pay distributions to Unitholders during the term of the Debt Facilities. As a general matter, HomeCo Daily Needs REIT is permitted to pay distributions 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.

7.1.26. 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 Daily Needs REIT 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 Daily Needs REIT or that HomeCo Daily Needs REIT does not comply with applicable retail tenancies legislation. In that event, HomeCo Daily Needs REIT may be adversely impacted as a result.

7.1.27. Laws and regulation may change

In the ordinary course of its business, HomeCo Daily Needs REIT is subject to a range of laws and regulations. These laws and regulations include those relating to 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 Daily Needs REIT, the value of the Portfolio, including by increasing its costs either directly (for example, by increasing a tax or duty HomeCo Daily Needs REIT 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 Daily Needs REIT's financial performance and distributions.

7 Investment risks (continued)

7.1.28. Treatment of the REIT as a "flow-through" entity

The information in this PDS assumes that the REIT will be treated as a "flow-through" entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the REIT will be taxable in the hands of the Unitholders on an attribution basis. However, the REIT would lose this "flow-through" status if:

- there was a legislative change which removed the "flow-through" status of property trusts; or
- the REIT engaged in activities which lead to it being taxed on its net income at the corporate tax rate for Australian income tax purposes.

Depending on the Unitholder's individual circumstances, a loss of the "flow-through" treatment of the REIT may adversely affect the after-tax investment returns.

7.1.29. 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 Daily Needs REIT 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 Daily Needs REIT (which are not covered by insurance policies) and could materially adversely affect the financial performance of HomeCo Daily Needs REIT and distributions.

7.1.30. The REIT may be involved in disputes or litigation

HomeCo Daily Needs REIT may be the subject of complaints from or litigation by Unitholders, tenants, landlords, governmental agencies or other third parties. For example, tenants may claim that rent is not due and payable, governmental agencies may claim that HomeCo Daily Needs REIT 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 Daily Needs REIT.

Any complaints, disputes, claims or litigation in which HomeCo Daily Needs REIT is involved may result in a financial penalty, the inability of HomeCo Daily Needs REIT to conduct its business or implement its strategy and/or damage to HomeCo Daily Needs REIT's reputation and may divert financial and managerial resources away from running HomeCo Daily Needs REIT's business. Any of these potential outcomes may adversely affect HomeCo Daily Needs REIT's financial performance and distributions.

7.1.31. Insolvency of the REIT

In the event of any insolvency or winding up of HomeCo Daily Needs REIT, the claims of HomeCo Daily Needs REIT's creditors will rank ahead of those of its Unitholders. Under such circumstances HomeCo Daily Needs REIT will first repay or discharge all claims of its creditors.

Any surplus assets will then be distributed to HomeCo Daily Needs REIT's Unitholders. All Unitholders will rank equally in their claim and will be entitled to an equal share per Unit.

7.1.32. Security or data breach including from cyberattacks

HomeCo Daily Needs REIT will collect, process and store, through the ordinary course of its operations, a wide range of data, including confidential data relating to its tenants. Measures that HomeCo Daily Needs REIT employs to secure and protect technology systems and data may not be sufficient to prevent system failures or data breaches arising from factors beyond its control and/or to detect or prevent unauthorised access to, or disclosure of, confidential information and data. There is a risk that HomeCo Daily Needs REIT's systems, or those of its third-party service providers, fail, or are subject to disruption as a result of external threats or system errors. Cyber-attacks, data theft, data loss, human error or malfeasance may also result in data breaches resulting from unauthorised access to, or disclosure of information, including sensitive and/or confidential information, whether malicious or inadvertent. Despite seeking to maximise the protection of data, there is a risk that HomeCo Daily Needs REIT is exposed to a security breach or successful cyberattack.

Any systemic failure and/or data security breaches could result in significant disruption to HomeCo Daily Needs REIT's services, loss of system integrity, breaches of HomeCo Daily Needs REIT's obligations under applicable data protection laws or contractual agreements, an obligation under privacy laws to notify individuals and the Australian Information Commissioner of the breach, reputational damage, and could reduce its ability to retain existing tenants and generate new tenants, each of which could have a material adverse effect on HomeCo Daily Needs REIT's financial performance and distributions.

Further, there is a risk that HomeCo Daily Needs REIT may be unable to provide critical business processes due to a potential distributed denial-of-service attack, resulting in disruption of services, loss of customers and financial and reputational damage.

7.2. General risks

7.2.1. The REIT's unit price may fluctuate

On Completion, HomeCo Daily Needs REIT 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 Unit price that are not explained by the fundamental operations and activities of HomeCo Daily Needs REIT. There is no guarantee that the price of the Units will increase following quotation on ASX, even if HomeCo Daily Needs REIT's earnings increase.

The Units 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 Daily Needs REIT operates.

Other factors that may negatively affect investor sentiment and influence HomeCo Daily Needs REIT 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.

7.2.2. Trading in the Units may not be liquid

There can be no guarantee that an active market for the Units will develop following Completion of the Offer. There may be relatively few potential buyers or sellers of the Units on the ASX at any given time. This may increase the volatility of the market price of the Units. It may also affect the prevailing market price at which Unitholders are able to sell their Units. This could result in Unitholders receiving a market price for their Units that are less than the price that they paid.

As noted at Section 2, on Completion, HomeCo will hold 27% of the Units, which will be subject to a 1 year voluntary escrow arrangement. The fact that HomeCo cannot trade its Units for one year may reduce the liquidity of trading in Units and this could also reduce the prevailing market price at which Unitholders are able to sell their Units.

7.2.3. Unitholders may suffer dilution

HomeCo Daily Needs REIT may issue more Units in the future in order to fund acquisitions or investments or to reduce its debt. While HomeCo Daily Needs REIT will be subject to the constraints of the ASX 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 Unitholders.

7.2.4. Taxation changes may occur

The taxation treatment for Unitholders 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 Daily Needs REIT's returns or the distributions paid to Unitholders.

An investment in the Units involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in HomeCo Daily Needs REIT.

7.2.5. Expected future events may not occur

Certain statements in this PDS 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 Daily Needs REIT 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 Daily Needs REIT or any other person referred to in this PDS that a particular outcome or future event is guaranteed.

7 Investment risks (continued)

7.2.6. Impact of climate change

Climate change presents a potentially material risk to HomeCo Daily Needs REIT. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of the Properties in the Portfolio (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 Daily Needs REIT 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 Daily Needs REIT to incur costs to address these changes. The transition to a low carbon economy may enable HomeCo Daily Needs REIT 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.

7.2.7. Force majeure events may occur, such as COVID-19

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of HomeCo Daily Needs REIT and the price of the Units. 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 Daily Needs REIT's ability to conduct its business.

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

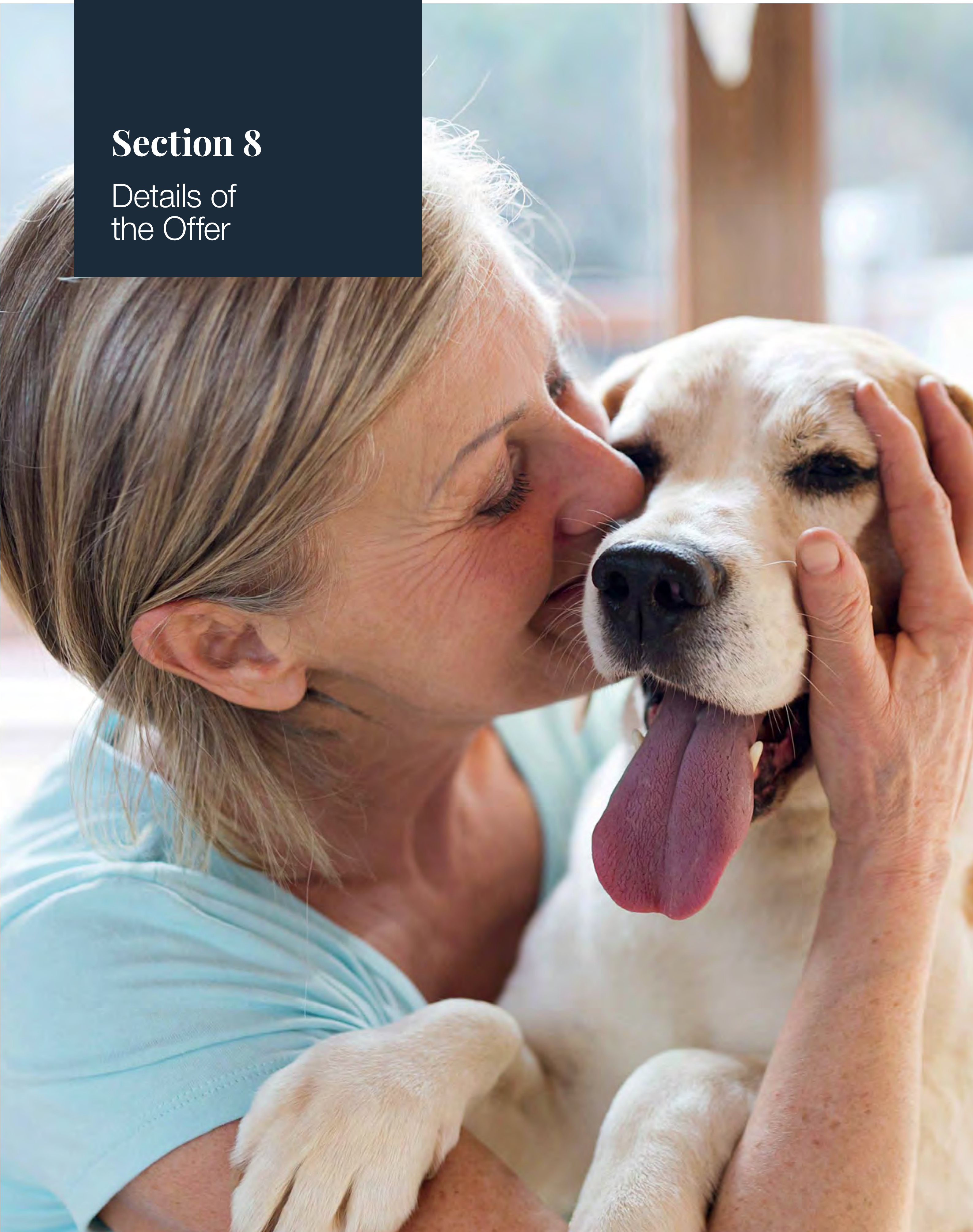
The nature and extent of the effect of the COVID-19 outbreak on the performance of HomeCo Daily Needs REIT remains unknown. Any governmental or industrial measures taken in response to COVID-19 may adversely impact HomeCo Daily Needs REIT's operations and are likely to be beyond the control of HomeCo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

7.2.8. Accounting standards may change

The Australian Accounting Standards to which HomeCo Daily Needs REIT adheres are set by the Australian Accounting Standards Board ("**AASB**") and are consequently outside the control of HomeCo Daily Needs REIT and the Directors of the Responsible Entity. 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 Daily Needs REIT's financial statements.

Section 8

Details of
the Offer



8 Details of the Offer

8.1. Overview of the Offer

This PDS relates to an initial public offering of Units by HomeCo Daily Needs REIT. The Responsible Entity of HomeCo Daily Needs REIT intends to issue 226 million Units at the Offer Price of $1.33 per Unit, raising proceeds of approximately $300 million.

Each Unit issued or transferred under this PDS will, from the time it is issued, rank equally with all other Units on issue.

The Offer is being made by the Responsible Entity in conjunction with and is conditional on the Capital Distribution, which is being undertaken by HomeCo.

The Offer is made on the terms, and is subject to the conditions set out, in this PDS.

8.2. Capital and unitholding structure

8.2.1. Capital and unitholding structure

	Pre Capital Distribution			Post-Capital Distribution but pre Allotment			Post-Completion		
	Number of Units	Value ($m)	% total	Number of Units	Value ($m)	% total	Number of Units	Value ($m)	% total
HomeCo	257,226,546	342.1	100.00%	128,613,273	171.1	50.00%	128,613,273	171.1	26.63%
HomeCo Securityholders (excluding Directors and Senior Management)	Nil	Nil	Nil	78,476,433	104.4	30.51%	78,476,433	104.4	16.25%
New Unitholders (excluding Directors)	Nil	Nil	Nil	Nil	Nil	Nil	224,761,902	298.9	46.54%
Directors and Senior Management	Nil	Nil	Nil	50,136,840	66.7	19.49%	51,061,655	67.9	10.57%
Total	**257,226,546**	**342.1**	**100.00%**	**257,226,546**	**342.1**	**100.00%**	**482,913,263**	**642.3**	**100.00%**

Note: Value of Units calculated as Units held multiplied by the Offer Price. Directors and Senior Management Unitholding comprises 50,136,840 units held post-Capital Distribution (pre-allotment) + 122,807 units received by Directors in lieu of consulting fees + 802,008 units subscribed for by Directors in the Offer. Refer to section 5.4.2 and 5.5.1 for further details.

8.3. Capital Distribution

Under the Capital Distribution, HomeCo will distribute the ordinary units in HomeCo Daily Needs REIT by an in specie distribution.

As a result of the Capital Distribution, a total of approximately 129 million Units will be transferred from HomeCo to eligible HomeCo Securityholders on the basis of 1 Unit for every 2 HomeCo Securities held as at the Capital Distribution Record Date.

No action is required to be taken, and no consideration is required to be paid, by eligible HomeCo Securityholders. Should HomeCo Securityholders approve the Capital Reduction Resolution, then approximately 129 million Units which HomeCo holds will be distributed and transferred to eligible HomeCo Securityholders in accordance with the terms of the Capital Reduction Resolution and the Constitution, whether those eligible HomeCo Securityholders voted for or against the Capital Reduction Resolution or did not vote at all (or did not participate in the Meeting).

In accordance with ASIC Corporations (Application Form Requirements) Instrument 2017/241, no application form is required to be completed or returned to participate in the Capital Distribution and transfer of Units under the Capital Distribution.

The Capital Distribution is not underwritten, and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.

All Units distributed to eligible HomeCo Securityholders in New Zealand are being distributed and offered under the Mutual Recognition Regime.

8.4. Offer Price and free float

The Offer Price is $1.33 per Unit.

HomeCo Daily Needs REIT's free float at the time of Completion is expected to be approximately 63%.[115]

8.5. Purpose of the Offer

The Offer is being conducted to:

- provide funding capacity for the acquisition of Glenmore Park Town Centre (NSW), Gregory Hills Town Centre (NSW) and Coomera City Centre (QLD);
- fund remaining capital expenditure for the centres under development in Richlands and Ellenbrook;
- provide HomeCo Daily Needs REIT with working capital;
- fund the transaction costs associated with the Proposal; and
- reduce HomeCo Daily Needs REIT's Gearing to 26%, providing balance sheet capacity to take advantage of acquisition and development opportunities.

8.6. Sources and uses

Sources and uses of proceeds, including the Capital Distribution, the Offer and New Debt Facility drawdown

Sources of funds	A$ 000s	%	Uses of funds	A$ 000s	%
New Debt Facility (drawn)	230,655	21%	Acquisition of Portfolio from HomeCo[1]	584,200	54%
New Debt Facility (undrawn)	169,345	16%	Acquisitions	275,940	26%
Proceeds from the Offer	300,000	28%	Transaction costs	44,715	4%
In-specie distribution of ordinary units in the REIT to HomeCo securityholders (Capital Distribution)	189,600	18%	Working capital	5,000	0%
Rolled equity (HomeCo investment in the REIT)	189,600	18%	Liquidity	169,345	16%
Total sources	**1,079,200**	**100%**	**Total uses**	**1,079,200**	**100%**

Note:

1. Acquisition of the Portfolio from HomeCo, net of the lease liability relating to the leasehold property in Parafield.

115. HomeCo's stake and the Directors' collective stake are excluded from the free float calculation.

8 Details of the Offer (continued)

8.7. Summary of the Offer

The following is a summary of the offer:

TOPIC	SUMMARY
What is the type of security being offered?	Units (being a fully paid ordinary unit which confers a beneficial interest in HomeCo Daily Needs REIT).
What are the rights and liabilities attached to the Units?	A description of the Units, including the rights and liabilities attaching to them is set out in Section 14.1.
What is the consideration payable for each Unit being offered under the Offer?	The Offer Price is $1.33 per Unit.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the key dates in the Key Information section of this PDS. These key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Responsible Entity and the Underwriters 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 Units at different times to different Applicants or to cancel or withdraw the Offer without prior notice. If the Offer is cancelled or withdrawn before the allocation and issue of Units 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. The quotation and commencement of trading of the Units is subject to confirmation from ASX.
How much is to be raised under the Offer?	$300 million is to be raised under the Offer.
Will the Offer be extended into New Zealand?	Yes. All Units offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.
Is the Offer underwritten?	The Offer is fully underwritten by Goldman Sachs and Macquarie Capital. More detail on the underwriting arrangements is set out in Section 13.13.
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers of the Offer are Goldman Sachs, Macquarie Capital, Morgans, Ord Minnett and Jarden.

TOPIC	SUMMARY
What are the minimum and maximum Application amounts?	For Applicants under the Broker Firm Offer and the Priority Offer, the minimum Application amount is $2,000 worth of Units in aggregate and in increments of at least $500 thereafter. Applicants under the Institutional Offer have been provided with information regarding the Institutional Offer by the Joint Lead Managers. There is no maximum Application amount, however you may be subject to scale back.
What is the allocation policy?	The allocation of Units between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Responsible Entity in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Sections 8.9.6, 8.9.4 and 8.10.2. **Institutional Offer:** The allocation of Units among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. **Broker Firm Offer:** For Broker Firm Applicants, it will be a matter for the Brokers how they allocate firm stock among their eligible clients. However, the Responsible Entity, 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 determined by Responsible Entity in consultation with the Joint Lead Managers. The Responsible Entity, in consultation with the Joint Lead Managers, reserve the right to reject or scale back an Application in the Priority Offer. The Priority Offer is capped at $15 million. The Responsible Entity reserves the right to decline any Application in whole or in part, without giving any reason. Applicants whose Applications are accepted in full will receive the whole number of Units 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 Units 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 Responsible Entity.
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 27 November 2020. Refunds (without interest) to Applicants who make an Application and receive an allocation of Units, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Will the Units be quoted on ASX?	The Responsible Entity will apply, within seven days of the date of the PDS, for admission of HomeCo Daily Needs REIT to the Official List and the quotation of Units on ASX under the code HDN. 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, 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).
When can I sell my Units on the ASX?	It is expected that the Units will commence trading on ASX on or about 23 November 2020 on a conditional and deferred settlement basis. It is expected that Units will commence trading on ASX on a normal settlement basis on or about 30 November 2020. It is the responsibility of the Applicants to confirm their allocation of Units prior to trading in Units. Unitholders who sell Units before they receive their holding statements do so at their own risk.

8 Details of the Offer (continued)

TOPIC	SUMMARY
Are there any escrow arrangements?	Yes. Details are provided in Section 12.12.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Sections 14.8 and 14.9.
Are there any tax considerations?	Yes. Details are provided in Section 11.
Is there any brokerage or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Units under the Offer. See Sections 13.13 and 13.14 for details of various fees payable by the Responsible Entity to the Joint Lead Managers.
What should you do with any enquiries?	All enquiries in relation to this PDS should be directed to HomeCo Daily Needs REIT Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. 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 Daily Needs REIT is a suitable investment for you, you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before making a decision to invest.

8.8. Broker Firm Offer

8.8.1. Who can apply in the Broker Firm Offer

The Broker Firm Offer is open to Australian and New Zealand resident 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 Units under this PDS and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Units under the Broker Firm Offer.

8.8.2. How to apply in the Broker Firm Offer

If you have received an invitation to apply for Units from your Broker and wish to apply for those Units 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 PDS and Application Form, or download a copy at https://events.miraqle.com/hmcReit-offer. 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 PDS, 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 PDS or the complete and unaltered electronic version of this PDS.

The Responsible Entity, the Joint Lead Managers and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

8.8.3. Minimum and maximum Application size

The minimum Application size under the Broker Firm Offer is $2,000 worth of Units in aggregate. There is no maximum Application size under the Broker Firm Offer. The Responsible Entity, in consultation with the Underwriters, 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 and in increments of at least $500 thereafter. The Responsible Entity 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.

8.8.4. Broker Firm Offer Opening Date and Broker Firm Offer Closing Date

The Broker Firm Offer opens at 9.00am (Sydney Time) on 27 October 2020 and is expected to close at 5.00pm (Sydney Time) on 16 November 2020. The Responsible Entity and the Underwriters 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.

8.8.5. Application Monies

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

8.8.6. Allocation policy

The allocation of Units to Brokers was determined by the Joint Lead Managers and the Responsible Entity. Units 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 Responsible Entity to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Units among their retail clients, and they (and not the Joint Lead Managers, the co-Managers or the Responsible Entity) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Units.

Applicants in the Broker Firm Offer will be able to call the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30 am and 5.30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period 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 Units before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

8.9. Priority Offer

8.9.1. Who can apply?

The Priority Offer is open to selected investors in eligible jurisdictions who have received a Priority Offer invitation to acquire Units under this PDS. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Units in the Priority Offer. The Priority Offer is capped at $15 million. The Priority Offer is not open to persons who are in the United States.

8.9.2. How to apply

If you have received a personalised invitation to apply for Units under the Priority Offer and you wish to apply for all or some of those Units, 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 PDS 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 Units 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.

8 Details of the Offer (continued)

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.

By making an Application, you declare that you were given access to this PDS, 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 PDS or the complete and unaltered electronic version of this PDS.

Applications must be received by no later than 5.00pm (Sydney time) on 16 November 2020 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 Units in aggregate and in increments of $500. Your personalised invitation may indicate the maximum amount of Units that you may apply for.

8.9.3. How to pay

Payment may be made via BPAY® only. Application monies must be received by the Registry by 5:00pm (Sydney Time) on 16 November 2020. 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.

8.9.4. Allocation policy

The allocation of Units among Applicants in the Priority Offer will be determined by the Responsible Entity in consultation with the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Units, or the number of Units for which the Applicant applied.

8.10. Institutional Offer

8.10.1. Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Units under this PDS. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

8.10.2. Allocations under the Institutional Offer

The allocation of Units among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. The Joint Lead Managers and the Responsible Entity had absolute discretion regarding the basis of allocation of Units among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Units, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- the Applicant's existing ownership in HomeCo;
- the timing and level of engagement by the Applicant with the Responsible Entity;
- number of Units bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- HomeCo Daily Needs REIT'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 Unitholders; and
- any other factors that the Responsible Entity and the Joint Lead Managers considered appropriate.

8.11. Acknowledgements of Applicants

By submitting an Application, each Applicant under the Offer acknowledges, confirms and agrees as follows:

- that the Applicant personally received a printed or electronic copy of this PDS (and any supplementary or replacement PDS) 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 PDS and the instructions, declarations and statements 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 and do/does not suffer from any legal disability preventing them from applying for Units;
- that the signature (particularly where a corporate or trust/trustee) is valid and binding;
- that, once the Responsible Entity or a Broker receives an Application Form, it may not be withdrawn;
- that it has applied for the number of Units (or equivalent dollar amount) shown on the front of the Application Form;
- to being allocated and issued the number of Units applied for (or a lower number allocated in a way described in this PDS), or no Units at all;
- to become a unitholder of HomeCo Daily Needs REIT and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- that the Responsible Entity and the Lead Managers and their respective officers or agents, are authorised to do anything on behalf of the Applicant(s) necessary for Units 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 Responsible Entity may not pay distributions;
- that the information contained in this PDS (or any supplementary or replacement PDS) is not financial product advice or a recommendation that Units 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 or New Zealand (except as applicable to the Institutional Offer, Priority Offer and Broker Firm Offer);
- that the Offer may be withdrawn by the Responsible Entity and/or may otherwise not proceed in the circumstances described in this PDS; 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 Units have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements 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;
- it has not sent and will not send this PDS or any other material relating to the Offer to any person in the United States;
- it is purchasing the Units in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Units in the United States or in any other jurisdiction outside Australia or New Zealand 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.

8 Details of the Offer (continued)

8.12. Underwriting arrangements of the Offer

The Offer is fully underwritten. Goldman Sachs, Macquarie Capital, and the Responsible Entity have entered into an Underwriting Agreement under which Goldman Sachs and Macquarie Capital, have been appointed as managers and underwriters of the Offer. Goldman Sachs and Macquarie Capital, have agreed, subject to certain conditions and termination events, to underwrite applications for all Units under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which Goldman Sachs or Macquarie Capital, 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 13.13.

8.13. Restrictions on distribution

No action has been taken to register or qualify this PDS, the Units or the Offer or otherwise to permit a public offering of the Units in any jurisdiction outside of Australia and New Zealand.

This PDS does not constitute an offer or invitation to apply for Units 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 PDS.

This PDS 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 PDS does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The Units 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 14.3 for further details regarding foreign selling restrictions.

8.14. Discretion regarding the Offer

The Responsible Entity may withdraw the Offer at any time before the issue of Units to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Responsible Entity 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 Units than applied or bid for.

8.15. ASX listing, registers and holding statements, conditional and deferred settlement trading

8.15.1. Application to ASX for listing of HomeCo Daily Needs REIT and quotation of Units

The Responsible Entity will apply within seven days of the PDS Date for admission of HomeCo Daily Needs REIT to the Official List and quotation of the Units on the ASX. HomeCo Daily Needs REIT's expected ASX code will be 'HDN'.

ASX takes no responsibility for this PDS or the investment to which it relates. The fact that ASX may admit HomeCo Daily Needs REIT to the Official List is not to be taken as an indication of the merits of HomeCo Daily Needs REIT or the Units offered for subscription.

If permission is not granted for the official quotation of the Units on ASX, all Application Monies received by the Responsible Entity 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 Responsible Entity from time to time), the Responsible Entity will be required to comply with the Listing Rules.

8.15.2. CHESS and issuer sponsored holdings

The Responsible Entity has 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 units quoted on ASX under which transfers are affected in an electronic form.

When the Units 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 Units of a unitholder who is a participant in CHESS or a unitholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Units will be registered on the issuer sponsored sub-register.

Following Completion, Unitholders will be sent a holding statement that sets out the number of Units that have been allocated to them. This statement will also provide details of a Unitholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Unitholder Reference Number (**SRN**) of issuer sponsored holders.

Unitholders will subsequently receive statements showing any changes to their unitholding. Certificates will not be issued.

Unitholders 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 Unitholder'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 Daily Needs REIT and the Registry may charge a fee for these additional issuer sponsored statements.

8.15.3. Conditional and deferred settlement trading and selling Units on market

It is expected that trading of the Units on ASX on a conditional and deferred settlement basis will commence on 23 November 2020.

Trades occurring on ASX before the date on which the Securities are issued will be conditional on the Capital Distribution and settlement of the Offer (**Conditions**). Conditional and deferred settlement trading will continue until the Responsible Entity has advised ASX that the Conditions have been satisfied, which is expected to be on 26 November 2020.

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 Responsible Entity has advised ASX that initial holding statements have been dispatched to Unitholders. Trading on ASX is expected to commence on a normal settlement basis on 30 November 2020. Following the issue and transfer of Units, successful Applicants will receive a holding statement setting out the number of Units issued to them under the Capital Distribution and the Offer. It is expected that holding statements will be dispatched by standard post on 27 November 2020.

It is the responsibility of each person who trades in Units to confirm their own holding before trading in Units. Investors will be able to confirm their holdings by telephoning the Daily Needs Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. If you sell Units before receiving a holding statement, you do so at your own risk. The Responsible Entity, the Share Registry, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, if you sell Units before receiving your holding statement, even if you obtained details of your holding from the Daily Needs Offer Information Line or confirmed your firm allocation through a Broker.

8 Details of the Offer (continued)

8.16. Return of Application Monies

Application Monies for the Units may be held for up to one month, starting on the day on which the money was received, before the Units are issued or the Application Monies are returned.

Application Monies will be refunded (in full or in part) in Australian dollars where an Application is rejected, an Application is subject to scale-back or the Offer is withdrawn (either partially or completely) or cancelled.

No interest will be paid on any refunded amounts. Refund cheques will be sent following completion of the Offer or as otherwise applicable in the circumstances outlined above.

8.17. Enquiries

If you have further enquiries or questions relating to aspects of this PDS or about the Offer, please contact the Daily Needs Offer Information Line on +61 1800 754 866 (toll free within 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 Daily Needs REIT 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

Independent Limited Assurance Report

9 Independent Limited Assurance Report

Ernst & Young Strategy and Transactions Limited
200 George Street
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ey.com/au

16 October 2020

The Directors and any proposed directors at the date of this report
HomeCo
19 Bay Street
Double Bay NSW 2028

The Directors
HMC Funds Management Limited as responsible entity
of HomeCo Daily Needs REIT
19 Bay Street
Double Bay NSW 2028

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA STATEMENT OF FINANCIAL POSITION, STATUTORY FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by HMC Funds Management Limited ("Responsible Entity") as responsible entity of HomeCo Daily Needs REIT (the "REIT") and Home Consortium (a stapled entity comprised of Home Consortium Limited and Home Consortium Developments Limited) (together "HomeCo") to report on the pro forma statement of financial position, statutory forecast financial information and pro forma forecast financial information of the REIT for inclusion in the product disclosure statement to be dated on or about 16 October 2020 (the "PDS"), and to be issued by the Responsible Entity and HomeCo. The PDS is being issued by the Responsible Entity in respect of an offer of 226 million units in the REIT at an offer price of $1.33 per unit to raise $300 million (the "Offer") and by HomeCo in respect of a transfer of its interests in the portfolio of assets to the REIT and then a distribution of approximately 129 million units to eligible HomeCo securityholders through a capital reduction (the "Capital Distribution").

Expressions and terms defined in the PDS 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 Strategy and Transactions Limited ("Ernst & Young Strategy and Transactions") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Graeme Browning is a Director and Representative of Ernst & Young Strategy and Transactions. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Pro Forma Statement of Financial Position

You have requested Ernst & Young Strategy and Transactions to review the pro forma consolidated statement of financial position of the REIT at the completion date, being 26 November 2020, the "Completion Date" (the "Pro Forma Statement of Financial Position") as set out in table 5 of Section 6.4 of the PDS.

The Pro Forma Statement of Financial Position represents the REIT's financial position at the Completion Date, and has been prepared to reflect the effects of the pro forma adjustments described in Section 6.2.2 of the PDS.

The Pro Forma Statement of Financial Position has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS"), other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions and the Offer as if they occurred as at the Completion Date.

Due to its nature, the Pro Forma Statement of Financial Position does not represent the REIT's actual or prospective financial position.

Statutory Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following financial information of the REIT:

- the statutory forecast consolidated statement of profit and loss for the period from the Completion Date to 30 June 2021 as set out in table 1 of Section 6.3.1 of the PDS; and
- the statutory forecast consolidated funds from operations for the period from the Completion Date to 30 June 2021 as set out in table 2 of Section 6.3.2 of the PDS.

(Hereafter the "Statutory Forecast Financial Information").

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Sections 6.5.1 and 6.5.2 of the PDS.

9 Independent Limited Assurance Report (continued)

The stated basis of preparation used in the preparation of the statutory forecast consolidated statement of profit and loss is in accordance with recognition and measurement principles contained in AAS.

The statutory forecast consolidated funds from operations has been prepared in accordance with the stated basis of preparation, representing the statutory forecast consolidated net profit after tax adjusted for the acquisition and transaction costs, 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 with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following pro forma forecast financial information of the REIT:

- the pro forma forecast consolidated statement of profit and loss for the six months ending 30 June 2021 as set out in table 1 of Section 6.3.1 of the PDS; and
- the pro forma forecast consolidated funds from operations for the six months ending 30 June 2021 as set out in table 2 of Section 6.3.2 of the PDS.

(Hereafter the “Pro Forma Forecast Financial Information”).

The Pro Forma Statement of Financial Position, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information together form the “Financial Information”.

The pro forma forecast consolidated statement of profit and loss has been derived from the statutory forecast consolidated statement of profit and loss of the REIT, adjusted to exclude the profit and loss impact of any transactions which are forecast to occur from the Completion Date to 31 December 2020.

The pro forma forecast consolidated funds from operations for the six months ending 30 June 2021 has been derived by adjusting the pro forma forecast net profit after tax of the REIT for the six months ending 30 June 2021 on the basis calculated in table 2 of Section 6.3.2 of the PDS.

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.

The pro forma forecast consolidated funds from operations 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 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.

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Due to its nature, the Pro Forma Forecast Financial Information does not represent the REIT's actual or prospective financial performance and funds from operations for the six months ending 30 June 2021.

The Financial Information is presented in the PDS 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

Pro Forma Statement of Financial Position

The directors of the Responsible Entity and HomeCo (the "Directors") are responsible for the preparation and presentation of the Pro Forma Statement of Financial Position, including the basis of preparation and selection and determination of the pro forma adjustments included in the Pro Forma Statement of Financial Position. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Pro Forma Statement of Financial Position 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 period from the Completion Date to 30 June 2021, 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 six months ending 30 June 2021, 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.

4. Our Responsibility

Pro Forma Statement of Financial Position

Our responsibility is to express a limited assurance conclusion on the Pro Forma Statement of Financial Position based on the procedures and the evidence we have obtained.

Statutory Forecast Financial Information 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

9 Independent Limited Assurance Report (continued)

Building a better working world

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

Pro Forma Statement of Financial Position

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 Statement of Financial Position of the REIT at the Completion Date as set out in table 5 of Section 6.4 of the PDS, 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 PDS.

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 the REIT for the period from the Completion Date to 30 June 2021 do not provide reasonable grounds for the Statutory Forecast Financial Information;
- in all material respects, the Statutory Forecast Financial Information:
    - is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 6.5.1 and 6.5.2 of the PDS; and
    - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the PDS; 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 the REIT for the six months ending 30 June 2021 do not provide reasonable grounds for the Pro Forma Forecast Financial Information;
- 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 Sections 6.5.1and 6.5.2 of the PDS; and
    - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the PDS; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared by management of the Responsible Entity and HomeCo and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and funds from operations of the REIT for the period from the Completion Date to 30 June 2021 and for the six months ending 30 June 2021. 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 of the Responsible Entity and HomeCo expect to occur and actions that such management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the REIT. 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 the REIT which are detailed in the PDS 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 Sections 7 and 6.6 respectively of the PDS. The sensitivity analysis described in

9 Independent Limited Assurance Report (continued)

Building a better working world

Section 6.6 of the PDS demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the 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 the Responsible Entity and HomeCo, that all material information concerning the prospects and proposed operations of the REIT 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.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.2.1 of the PDS, 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 Strategy and Transactions has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Strategy and Transactions does not have any interests in the outcome of the Offer or the Capital Distribution other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young Strategy and Transactions Limited

Graeme Browning

Director and Representative

16 October 2020

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Strategy and Transactions

Ernst & Young Strategy and Transactions Limited ("Ernst & Young Strategy and Transactions" 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.

9 Independent Limited Assurance Report (continued)

Building a better working world

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 $55,000 (inclusive of GST).

Ernst & Young Strategy and Transactions 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 14.6 of the PDS, Ernst & Young Strategy and Transactions, 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 Strategy and Transactions 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 Strategy and Transactions, if any, 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 Australian Financial Complaints Authority Limited.

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.

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Contacting Ernst & Young Strategy and Transactions	Contacting the Independent Dispute Resolution Scheme:
AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Australian Financial Complaints Authority Limited GPO Box 3 Melbourne, VIC 3001 Telephone: 1800 931 678

This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

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Australian Financial Services Licence No. 240585
Liability limited by a scheme approved under Professional Standards Legislation

Section 10

Summary of Valuation Reports

10 Summary of Valuation Reports

8 October 2020

Savills Valuations Pty Ltd
ABN 73 151 048 056
E: jphegan@savills.com.au
DL: (03) 8686 8064

Level 48, 80 Collins Street
Melbourne VIC 3000
T: (03) 8686 8000
F: (03) 8686 8088
savills.com.au

Mr Will McMicking
Finance Director
Home Consortium Limited
19 Bay Street
Double Bay NSW 2028

Our Ref: GW20032197

Re: HomeCo Daily Needs REIT (DN REIT) – Valuation Summary Letter

Instructions

We refer to your instructions requesting Savills Valuations Pty Ltd to prepare a valuation of the freehold interest, subject to existing tenancies of the below assets ("subject properties"). We have been instructed to provide this summary report on the subject properties for inclusion in a product disclosure statement (PDS) issued by Home Consortium Limited. The subject properties are tabled below:

	Property Name	Address	Suburb	State
1	HomeCo Braybrook	330 Ballarat Road	Braybrook	VIC
2	HomeCo Hawthorn East	740-742 Toorak Road	Hawthorn East	VIC
3	HomeCo Keysborough	466 Cheltenham Road	Keysborough	VIC
4	HomeCo Mornington	61 Mornington-Tyabb Road	Mornington	VIC
5	Woolworths Rosenthal	90 Vineyards Road	Sunbury	VIC
6	HomeCo Penrith	72/82 Mulgoa Road	Penrith	NSW
7	Prestons Place Shopping Centre	1985 Camden Valley Way	Prestons	NSW
8	Vincentia Marketplace	8 Moona Creek	Vincentia	NSW
9	HomeCo Parafield	Corner Main Road & Kesters Road	Parafield	SA

These valuations have been prepared in accordance with API guidelines, RICS Valuation – Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS). We further confirm that the Valuer who has undertaken this valuation:

a) is suitably qualified to carry out such valuations and has at least five years appropriate experience;
b) is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;
c) is a member of the Australian Property Institute and a Certified Practising Valuer;
d) has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and
e) accepts instructions to value the property only from the Trustee / Responsible Entity.

Date of Valuation

30 September 2020

10 Summary of Valuation Reports (continued)

Valuation Methodology and Rationale

Our primary method of valuation has been the capitalisation approach, with consideration also having been given to the Discounted Cash Flow and Direct Comparison approaches to value. A summary of these adopted valuation approaches as provided below.

Capitalisation Approach
The capitalisation approach to value involves the assessment of the current annual market rental value of the property. Our assessment of current annual market rental value has been based on an analysis of comparable rental evidence. The current market rental has then been capitalised at a rate derived from establishing a relationship between rental returns and the sale prices of comparable investment properties.

Discounted Cash Flow Analysis
The discounted cash flow analysis takes into account the ability of the property to generate income over a 10 year period based on certain assumptions. Provision is made for leasing up periods upon the expiry of the various leases throughout the 10 year time horizon. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present Market Value of the property.

Direct Comparison Approach
Under the direct comparison approach we have compared the subject property to the analysis of the identified comparable sales evidence on a $/m² of gross lettable area basis.

Valuation Summary

We have arrived at our individual Market Value assessments after considering recent sales of comparable properties and having regard to the subject property's investment attributes. We have used both the capitalisation and discounted cash flow methods in arriving at our assessment of Market Value with the adopted analysis and valuation of the property being outlined as follows:

	Property Name	Adopted Capitalisation Rate	Adopted Discount Rate	IRR (10 Yr)	Equated Market Yield	Adopted Value	$/m² GLA
1	HomeCo Braybrook	6.00%	6.75%	6.68%	6.05%	$58,000,000	$4,296
2	HomeCo Hawthorn East	5.50%	6.25%	6.08%	5.50%	$68,000,000	$5,942
3	HomeCo Keysborough	6.25%	7.25%	7.40%	6.19%	$40,500,000	$3,422
4	HomeCo Mornington	6.00%	6.75%	6.60%	6.05%	$47,000,000	$4,236
5	Woolworths Rosenthal	5.50%	6.00%	5.51%	5.52%	$30,500,000	$6,304
6	HomeCo Penrith	6.00%	7.25%	7.15%	6.01%	$51,000,000	$4,157
7	Prestons Place Shopping Centre	5.50%	6.00%	5.45%	5.61%	$36,600,000	$7,081
8	Vincentia Marketplace	6.00%	6.50%	6.47%	6.01%	$60,000,000	$6,264
9	HomeCo Parafield	7.50%	7.75%	7.56%	7.55%	$18,500,000	$1,195

Company Qualifications

Savills Valuations Pty Ltd **("Savills")** has prepared this summary letter for inclusion in the PDS on the following conditions:

1. This letter is a summary of the valuation reports only. Any reliance should therefore be based upon the actual possession or sighting of the original valuation reports duly signed and countersigned by Savills. Such reliance is subject to the assumptions, limitations and disclaimers contained therein. Savills disclaim liability to any party using this summary letter without reference to the actual valuation reports.

2. Savills has prepared the valuations and this letter based on information provided by the instructing party. Savills believes that this information is accurate and complete, however Savills has not independently verified such information.

3. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Savills does not, nor do the valuers, hold an Australian Financial Services Licence and neither are operating under such a licence in providing their opinion as to the value of the properties detailed in this letter and the valuation reports.

4. Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS, that were not prepared by Savills.

5. The valuation reports are current at the date of valuation only. The value assessed therein 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 property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

6. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject properties under frequent review.

7. Neither this letter nor the valuation reports may be reproduced in whole or in part without the prior written consent of Savills.

8. Savills's liability is limited by a scheme approved under Professional Standards Legislation.

10 Summary of Valuation Reports (continued)

Valuers Interest

We confirm that Savills Valuations Pty Ltd and the appointed Valuers nominated with the full valuation report, do not have any pecuniary interest that would conflict with the proper valuation of the subject properties and the valuation being made independently of Home Consortium Limited and/or its officers. Neither the Valuers nor Savills Valuations Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Yours sincerely,

Joe Phegan

Joe Phegan AAPI
Certified Practising Valuer
State Director - VIC
Savills Valuations Pty Ltd

Valuation Advisory

HomeCo Portfolio Valuation Summary Letter

30 September 2020

10 Summary of Valuation Reports (continued)

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30 September 2020

Home Consortium Limited *('HomeCo')*
19 Bay Street
Double Bay NSW 2028

Attention: The Directors
HomeCo

Dear Directors,

Home Consortium – Valuation Summary

1. Introduction

Jones Lang LaSalle Advisory Services Pty Ltd *('JLL')* accepted written instructions, received on 28 September 2020, by Mr William McMicking, Finance Director, Home Consortium (HomeCo).

The instructions request that we undertake a market valuation of the 100% interest in the following properties:

- HomeCo Tingalpa, 261 New Cleveland Road, Tingalpa, Queensland; and
- HomeCo Richlands, 144 Pine Road, Richlands, Queensland.

The valuations have been undertaken as at 30 September 2020 and have been prepared for reliance by HomeCo for inclusion within a Product Disclosure Statement (PDS).

This valuation summary letter is a summary of the valuations only and must 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.

Brief Property Description

HomeCo Tingalpa

Formerly a purpose-built former Masters Home Improvement Store, HomeCo Tingalpa comprises a single level Large Format Retail (LFR) Centre. In 2017, the improvements were reconfigured into 7 tenancies ranging in size from 100m^2 to 3,981m^2, consisting of 5 LFR tenancies (≥400m^2) and 2 specialty tenancies (<400m^2), which provide a total Gross Lettable Area (GLA) of 10,365m^2. An administrative and staff mezzanine component is positioned to the front of the building and is accessed via an internal stairwell. Ancillary improvements comprise bitumen sealed parking for 300 vehicles as advised, concrete driveways, trolley bays, basic landscaping and lighting to the Property boundaries, a pylon sign and extensive fascia signage.

The improvements are constructed upon an irregular-shaped allotment classified as 'Emerging Community Zone' pursuant to the Brisbane City Plan 2014. Total site area is 27,720m^2.

The Property is situated to the junction of New Cleveland Road and Manly Road at Tingalpa, approximately 14.5 kilometres (km) east of Brisbane's General Post Office (GPO).

HomeCo Richlands

The improvements comprise a former retail warehouse (Masters Home Improvement Store) which is currently being repurposed and expanded as a single level, enclosed mall Hybrid Centre. Upon completion of the redevelopment works, the improvements will be configured to include a full-line supermarket (Fresh and Save Supermarket), gymnasium (Goodlife Health Club) and childcare facility (Guardian Early Learning), supported by 4 large format retailers and 11 specialty tenancies, providing a total GLA of 12,518m^2. Ancillary improvements will comprise on-site car parking for approximately 415 vehicles.

The redevelopment works commenced 1 June 2020 and are due to be completed by 27 February 2021.

10 Summary of Valuation Reports (continued)

The improvements are constructed upon an irregular-shaped allotment classified as 'District Centre Zone' pursuant to the Brisbane City Plan 2014. Total site area is 48,610m^2.

The Property is situated to the south-eastern alignment at the intersection of Pine and Garden Roads, at Richlands, approximately 20.5km south-west of Brisbane's Central Business District (CBD).

Our assessment of these properties is subject to various critical assumptions as outlined in Section 6 and 7 of this valuation summary letter.

2. Reliance on this Letter

This letter summarises our full valuation reports, which are dated 30 September 2020, and is subject to the assumptions, limitations and disclaimers contained therein.

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 Valuer who prepared the valuation report is Mr Charles Chapman. The Valuer has over 10 year valuation experience in a range of property types and is authorised under the requirements of the Australian Property Institute and Queensland Valuers Registration Board to practise as a valuer in the State of Queensland.

4. Conflict of Interest

The above mentioned Valuer does not have any pecuniary interest that could reasonably be regarded as being capable of affecting their 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 the Properties, we have adopted the capitalisation of net income and discounted cash flow 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.

Our valuation has been undertaken utilising the JLL proprietary valuation model.

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

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for each Property. The cash flow outputs are summarised and appended to this report.

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.

Direct Comparison Approach

The direct comparison approach to valuation compares the Property to sales of similar properties within the surrounding locality and analyses these on a rate per square metre of GLA basis.

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

Noting HomeCo Richlands is mid-redevelopment, in assessing the value of this Property, a hypothetical residual approach to valuation has been implemented whereby we have assessed the 'As if Complete' value and then applied a capital deduction for the estimated cost to complete, based upon information provided to us. An allowance for profit and risk equivalent to 10% of the outstanding cost to complete has similarly been incorporated as a capital deduction.

We advise we have not been provided with fully scoped building contracts for the repurposing works. Our valuation assumes the cost to complete of $11,371,766 (exclusive of a profit and risk factor) or $12,508,943 (inclusive of a profit and risk factor) is sufficient to deliver the reconfigured premises on the assumptions as outlined below:

- That the advised GLA 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 valuation;
- That all usual building services will be provided within a Centre of this nature, 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.;
- That the proposed development works will be 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);
- That the proposed development works will comply with appropriate statutory, building and fire safety regulations;
- That the proposed development works are completed to the satisfaction of the incoming tenants; and
- The all redevelopment works are completed on or prior to 27 February 2021.

10 Summary of Valuation Reports (continued)

We advise that in regard to the total outstanding cost of development (as it relates to HomeCo Richlands only), we have relied upon costings and a development program as provided by Home Co and make no warranty as to the appropriateness of these inputs as at the date of valuation. We have relied upon the advised costings provided for the purpose of this valuation, assuming them to be adequate for all conversion works to be completed. Should the outstanding cost or timeframe to complete the redevelopment works materially change from those utilised within the valuation, we reserve the right to review our valuation.

Due to various critical assumptions, we advise that under no circumstances is the 'As if Complete' assessment 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 value assessed herein 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 property). 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. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it 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 this report, you consult the Valuer.
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.
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.
Information	▪ 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 Home Co 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. ▪ We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary.
Current 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.

Verifiable Assumptions

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 title 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. This valuation is made on the assumption that there are no encroachments by or upon the Property. ▪ Our valuation assumes that there are no archaeological entitlements with the land holding. ▪ Our valuation also assumes that the Property is not affected by any road alteration or resumption proposals. ▪ In relation to HomeCo Richlands, we highlight that the Applicant has made a written request to Brisbane Council, dated 3 July 2020, seeking a minor change to the Material Change of Use - Centre Activity approval outlined above. The proposed changes relate to various architectural amendments and subsequent changes to conditions. Urbis, as town planners for the Applicant, Home Co, advise that the proposed change, in the context of the change assessment criteria set out in Section 81 of the Planning Act 2016 are considered to be 'minor' changes and not be 'substantially different' to the approved development. Further detail relating to the Development Approval is outlined in *Section 2.5* of the valuation report.
Asbestos	▪ The improvements forming HomeCo Tingalpa were originally built circa 2012 (and subsequently repurposed in 2017) by which time the use of asbestos materials in building construction had been discontinued. ▪ We have been provided an Asbestos Fibre Identification Analysis (dated 4 February 2014) completed by Environmental and Laboratory Solutions which detailed that asbestos containing materials were identified on the site. We have assumed that this material was removed prior to the construction of the existing improvements, which were also constructed in 2014. ▪ Other than stated within this report, we have not undertaken any formal searches regarding the existence of asbestos in or on the Property. We are not experts in this area and therefore in the absence of an environmental consultant's report concerning the presence of any asbestos fibre in or on the Property, our valuation is made on the assumption that there are no health risks from asbestos. If any asbestos related health risk is found to exist on or within the Property, we reserve the right to review our valuation.
Non-Conforming Building Products and Fire Safety	▪ 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 valuation 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 Property. If subsequent to the writing of this valuation an independent expert's report reveals the existence of any non-conforming building products previously not disclosed to the valuer in writing, 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.
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.
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.
Occupancy/Lease Info	▪ We highlight that per our instructions, our valuation of HomeCo Tingalpa has been undertaken subject to a related party lease, that being to Anaconda who occupy Tenancy 4. Should the valuation be required on an alternate basis, this should be requested of the Valuer. ▪ We note the lease to BCF in HomeCo Tingalpa is not registered on the Current Title Search. We would recommend the lease be registered on title to protect the rights and interests of each party to the lease. ▪ Where we have sighted Agreements to Lease and/or Disclosure Statements only or in instances where we have sighted draft documentation only, we have assumed that formal lease documentation is prepared and executed in accordance with the details provided in the document(s) sighted. ▪ Where we have been unable to sight relevant lease documentation, we have relied upon the information contained within the tenancy schedule and other financial information provided to us and assume that formal lease documentation has been prepared and executed in accordance with the details provided within the tenancy schedule/financial information.

10 Summary of Valuation Reports (continued)

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 this valuation report is permitted only: a. by a party expressly identified by the report as being permitted to rely on it; b. when the given party has received the report directly from JLL; and c. for a purpose expressly identified by the report as being a permitted use of the report.
Currency	▪ All amounts stated in this report are in Australian Dollars unless otherwise indicated.
Conflict of Interest	▪ The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the Property.

8. 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.

9. Valuation Summary

We provide below a summary of the adopted values as at 30 September 2020.

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 conversion (as it relates to HomeCo Richlands) 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.

Property	Adopted Capitalisation Rate	Adopted Discount Rate	IRR (10 Yr)	Equivalent Yield	Adopted Value	$/m² GLA
HomeCo Tingalpa	6.50%	7.25%	7.26%	6.50%	$33,000,000	$3,184
HomeCo Richlands	6.50%	7.50%	7.35%	6.52%	$23,500,000	$1,877

10. 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.

11. 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

10 Summary of Valuation Reports (continued)

JLL Brisbane

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Valuation Advisory

Coomera City Centre Valuation Summary Letter

1 December 2020

10 Summary of Valuation Reports (continued)

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14 October 2020

Home Consortium Limited *('HomeCo')*
19 Bay Street
Double Bay NSW 2028

Attention: The Directors
HomeCo

Dear Directors,

Home Consortium – Valuation Summary

1. Introduction

Jones Lang LaSalle Advisory Services Pty Ltd *('JLL')* accepted written instructions, received on 8 October 2020, by Mr William McMicking, Finance Director, Home Consortium *(HomeCo).*

The instructions request that we undertake a market valuation of the 100% interest in Coomera City Centre, 1 Commercial Street, Upper Coomera, Queensland *(Subject/Centre/Property).*

The valuation has been undertaken as at 1 December 2020 and has been prepared for reliance by HomeCo for inclusion within a Product Disclosure Statement (PDS).

This valuation summary letter is a summary of the valuation only and must 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 report.

Brief Property Description

Coomera City Centre was completed in early 2018 and comprises an open mall Neighbourhood Centre, configured over a single level with on grade parking. More particularly, the Centre has a total Gross Lettable Area (GLA) of 7,336.7 square metres (m^2), underpinned by Coles, together with 29 specialty retailers.

Ancillary improvements comprise a total of 410 car parking bays (approximately 25% of which are positioned under shade sail structures) in addition to 2 signage pylons and basic landscaping to the Property boundaries.

The improvements are situated upon an irregular shaped allotment designated 'Centre Zone' pursuant to Gold Coast City Plan. The total site area is 29,060m^2.

The Property is located within the established retail, commercial and residential locality of Upper Coomera, approximately 22km north-west of the Southport Central Business District (CBD) and 54km south-east of the Brisbane CBD.

2. Reliance on this Letter

This letter summarises our full valuation report, which is dated 1 December 2020, and is subject to the assumptions, limitations and disclaimers contained therein.

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 report, together with all of the risks and critical assumptions contained therein.

3. Valuer's Experience and Interest

The Valuer who prepared the valuation report is Mr Charles Chapman. The Valuer has over 10 years valuation experience in a range of property types and is authorised under the requirements of the Australian Property Institute and Queensland Valuers Registration Board to practise as a valuer in the State of Queensland.

10 Summary of Valuation Reports (continued)

4. Conflict of Interest

The above mentioned Valuer does not have any pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

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 valuation is 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 Methodology

In arriving at our opinion of market value for the Property, we have adopted the capitalisation of net income and discounted cash flow 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.

Our valuation has been undertaken utilising the JLL proprietary valuation model.

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

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for the Property. The cash flow outputs are summarised and appended to this report.

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.

Direct Comparison Approach

The direct comparison approach to valuation compares the Property to sales of similar properties and analyses these on a rate per square metre of GLA basis.

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.

7. Critical Assumptions, Conditions and Limitations

In the preparation of the valuation assessment we have made a variety of key assumptions and important comments. In this regard we advise that the entire report, 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 report have any concerns or queries regarding the contents or key assumptions made in the preparation of the valuation, those issues should be promptly directed to the nominated Valuer for comment and review.

Key Assumptions and Important Comments are outlined below and overleaf:

Verifiable Assumptions	
Market Movement	▪ Our valuation is current as at the date of valuation only. The value assessed therein 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 Property). 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 valuation is 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. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only. ▪ This 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 report, you consult the Valuer.
Information	▪ 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 the Owner / Managing Agent and HomeCo plus 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. ▪ We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. ▪ If any pre-purchase building audit/report indicates any adverse issues relating to the building, the report should be returned to the valuer for comment. ▪ As at the date of valuation, outstanding incentives total $256,092. Pursuant to the terms of purchase however; all outstanding incentives are the responsibility of the Vendor and are therefore assumed will be paid out on settlement. This forms a critical assumption the to the assessment undertaken. ▪ The lease to Coles allows for the recovery of select expenses over the base year (year ending 30 June 2019). We advise the Landlord has not had the base year outgoings expenses audited. In conjunction with the Property Manager, we have estimated the base year outgoings amount based upon expenses as outlined to us. In the absence of an independent audit, we make no warranty as to the veracity of the base year amount adopted and/or subsequent recovery of $40,769 as derived. Should an independent review determine a base year amount/recovery that materially differs to that adopted herein, this valuation should be referred back to the Valuer to ascertain the corresponding impact on value. ▪ We have been provided a signed indicative letter of offer to purchase, dated 9 September 2020. Salient terms of the offer are outlined in *Section 9.6.* In the event that negotiations regarding the sale of the Property lead to a change in the purchase price, the report should be returned to the valuer for comment.
Current Title Search	▪ We have considered any dealings on the Current Title Search in arriving at our opinion of value and assume good and marketable title. For a detailed summary of the dealings noted on the Title and in this report, we refer you to the Current Title Search annexed to the valuation. ▪ We have not fully searched the notifications on title and our valuation assumes good and marketable title and that the 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 or on the Current Title Search.

10 Summary of Valuation Reports (continued)

Verifiable Assumptions	
Site	▪ We have relied on the land dimensions and areas as provided on the Survey Plan as searched and annexed to the valuation. 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 title 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. This valuation is made on the assumption that there are no encroachments by or upon the Property. ▪ Our valuation assumes that there are no archaeological entitlements with the land holding. ▪ Our valuation also assumes that the Property is not affected by any road alteration or resumption proposals.
Native Title	▪ We have not undertaken any formal native title searches, and our valuation is made on the assumption that there are no Native Title Claim issues relating to the Centre. If any Native Title Claim issues are found to relate to the Centre, we reserve the right to review our valuation.
Asbestos	▪ Other than stated within this report, we have not undertaken any formal searches regarding the existence of asbestos in or on the Property. We are not experts in this area and therefore in the absence of an environmental consultant's report concerning the presence of any asbestos fibre in or on the Property, our valuation is made on the assumption that there are no health risks from asbestos. If any asbestos related health risk is found to exist on or within the Property, we reserve the right to review our valuation.
Non-Conforming Building Products and Fire Safety	▪ The Owner has confirmed that aluminium cladding has been fixed to the façade, in the form of signage panelling. We have requested but have not been provided with an independent expert's report on the structural or fire characteristics of the Property, specifically in relation to potentially non-conforming building products. ▪ 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 valuation 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 Property. If subsequent to the writing of this valuation an independent expert's report reveals the existence of any non-conforming building products previously not disclosed to the valuer in writing, 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.
Environmental / Contamination	▪ Our valuation has been made assuming an audit would be available which would satisfy all relevant environmental and occupational health & safety legislation. If the 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 valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses. Our valuation therefore assumes that there are no environmental issues with the land holding.
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 this valuation, we reserve the right to review and amend our valuation accordingly.
Occupancy/Lease Info	▪ Where we have sighted Agreements to Lease and/or Disclosure Statements only or in instances where we have sighted draft documentation only, we have assumed that formal lease documentation is prepared and executed in accordance with the details provided in the document(s) sighted. ▪ Where we have been unable to sight relevant lease documentation, we have relied upon the information contained within the tenancy schedule and other financial information provided to us and assume that formal lease documentation has been prepared and executed in accordance with the details provided within the tenancy schedule/financial information. ▪ Ella Bache, PhonePal and Stones Real Estate Coomera were yet to take occupation of their premises, subject to leases due to commence on 15 October 2020, 1 December 2020 and 1 November 2020, respectively. Our valuation is undertaken on the assumption that the tenants occupy the premises from the commencement dates as advised and fulfil the terms/obligations of their respective leases.

Verifiable Assumptions	
Assignment	▪ This clause applies upon any request that this valuation be assigned to a party other than the intended recipients named herein. Notwithstanding anything else, including any agreement by JLL subsequent to this report's date that it will assign this valuation: a. Our valuation is deemed not to be assigned unless the request for the assignment, confirmation, reissue or other act occurred within 90 days of the date of the valuation. b. Any assignment is deemed to be in reliance upon, and is conditional upon, the assignee's acknowledgement that JLL: o has not re-inspected the Property prior to the assignment occurring; o has not undertaken further investigation or analysis as to any changes since the initial valuation; and o accepts no responsibility for reliance upon the initial valuation other than as a valuation of the Property as at the date of the initial valuation.
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 this valuation report is permitted only: a. by a party expressly identified by the report as being permitted to rely on it; b. when the given party has received the report directly from JLL; and c. for a purpose expressly identified by the report as being a permitted use of the report.
Currency	▪ All amounts stated in this report are in Australian Dollars unless otherwise indicated.
Conflict of Interest	▪ The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the Property.
Market Uncertainty	▪ The outbreak of the Novel Coronavirus (COVID-19) was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. We have seen global financial markets impacted and travel restrictions and recommendations being implemented by many countries, including Australia. ▪ The real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a significant market uncertainty. ▪ Our valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. ▪ Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.
Tenant Covenant Strength	▪ Although we reflect our general understanding of the status of the tenants based on publicly available information which may not be up to date, we are not qualified to advise you on the financial standing of the tenants. Based on the information currently available, we have formed the following view regarding the covenant status of the tenants: ▪ *"With the ongoing outbreak of COVID-19 virus, uncertain trading and credit market conditions may lead to rapid changes in covenant strength and/or sentiment."*

8. Rental and Sales Evidence Summary

The inclusion of all the sales and rental evidence considered for the Property valued is not practical in this valuation summary letter.

Analysis and application of market derived evidence considered for the Property is contained within the valuation report.

9. Valuation Summary

We provide overleaf a summary of the adopted value as at 1 December 2020.

The Property was inspected prior to the date of valuation and our valuation reflects the Valuer's view of the market at the date of inspection, and do not purport to predict the future. Our assessment assumes that there are no material changes to the Property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to the Property or the market over this period.

10 Summary of Valuation Reports (continued)

Property	Adopted Capitalisation Rate	Adopted Discount Rate	Equivalent Yield	IRR (10 Yr)	Equivalent Yield	Adopted Value	$/m² GLA
Coomera City Centre	5.75%	6.25%	5.74%	6.28%	5.74%	$57,000,000	$7,769

10. Qualifications

We consent to the inclusion of this Summary letter in the prospectus on the following conditions:

- This letter is a summary of the valuation 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 Property or the investment opportunity contained in the prospectus.
- The formal valuation 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 report 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.

11. Liability Disclaimer

This summary letter and the valuation report have 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 report 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 report 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 report 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 report 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 report. The valuation report draws 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 report. This summary letter is to be read in conjunction with our full valuation report 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 report.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation report. 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

10 Summary of Valuation Reports (continued)

JLL Brisbane

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6 October 2020

Mr William McMicking
Chief Financial Officer
Home Consortium Limited
PO Box 19
Double Bay NSW 2028

Dear Mr William McMicking,

RE: HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

We refer to your instructions formally executed on 28 September 2020 to determine the Market Value of 5 assets (The Valuations) within the proposed **HomeCo Daily Needs REIT**, as described herein.

Home Consortium Limited (HomeCo) wishes to include The Valuations and this Summary Letter in the Product Disclosure Statement (PDS) and has requested that CIVAS (VIC) Pty Limited consent to this inclusion. CIVAS (VIC) Pty Limited consents to the inclusion of The Valuations and the Summary Letter in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within The Valuations and this Summary Letter, including the Qualification and Warnings noted herein:

Instructions

Property Addresses	**Asset No.**	**Asset Name & Address**	
	1	HomeCo Joondalup, 11 Injune Way, Joondalup, WA	
	2	HomeCo Butler, 1 Butler Blvd, Butler, WA	
	3	Proposed HomeCo Ellenbrook, 151 The Promenade, Ellenbrook, WA	
	4	Glenmore Park Town Centre, 1 Town Terrace, Glenmore Park, NSW	
	5	Gregory Hills Town Centre, Village Circuit, Gregory Hills, NSW	
Valuation Date	Assets 1, 2 & 3: 30 September 2020 Assets 4 & 5: 1 December 2020		
Basis of Valuation	Market Value 'As Is'		
Interest Being Valued	100% Freehold Interest subject to existing lease agreements.		
Reliance on Valuation Summary Letter	Home Consortium Limited Whilst the Valuation Summary Letter is a summary of The Valuations as at the dates of valuation, it has not been prepared for the purpose of assessing the property as an investment opportunity. Furthermore, we caution that we cannot fully summarise in this Valuation Summary Letter all matters discussed within The Valuations. For further information, reference should be made to the full valuation reports.		
Valuer's Qualification	**Assets in State**		**Valuer / Co-Signatory***
	Western Australia		Zane Gill / Trent Weir*
	New South Wales		Trent Weir / Glen Cunningham
	The Valuers all specialise in the valuation of retail assets and are all authorised under the requirements of the Australian Property Institute (API) to practise as Valuers in the respective States and where required are authorised under Western Australian legislation to practice as valuers in WA.		
Purpose of Valuation	Financial Reporting and First Mortgage Security In addition to the above the NSW Assets (No. 4 & 5) have been prepared to assist HomeCo with its acquisition decision. In making this decision, it will need to undertake a range of additional inquiries including engineering, environmental, financial, legal and management issues. These valuations are not due diligence reports and cannot be used for that purpose. Further decision making is required by HomeCo having regard to its additional inquires; the decision to purchase or not; and if purchasing, the price to be paid having regard to its own circumstances, which may be more or less than the valuations.		

10 Summary of Valuation Reports (continued)

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

Material Assumptions

Material assumptions are contained within the full valuation reports. This Summary Letter should be read in conjunction with The Valuations and we cannot fully summarise all matters discussed within The Valuations within this Summary Letter. That said, some of the primary matters that could affect The Valuations are noted below; however, we caution that such matters are not limited to the following:

All Assets	The Novel Coronavirus (COVID-19), was declared a pandemic by the World Health Organisation on 11 March 2020. This health crisis has significantly impacted global financial markets. The majority, if not all, of the property sectors have been adversely impacted in some way. Therefore, market evidence for some assets which were negotiated pre COVID-19 should be appropriately discounted as it is in most cases, no longer representative of current market conditions. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global Standards and the API Valuation Protocol – Significant Valuation Uncertainty. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Additionally, given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review. We reserve the right to review and in appropriate circumstances revise our valuation report should any of the key assumptions and comments set out in this report result in matters that will have a material impact on value.
HomeCo Joondalup & HomeCo Butler	We note the existing relationship between the ownership structure of the property and the 'Spotlight Retail Group' (which includes Anaconda and Chemist Warehouse), which is understood to be shareholders in the Home Consortium brand. Notwithstanding, these tenants are well regarded national retailers which provide a significant drawcard to the Centre, and The Valuations have been undertaken under the assumption the respective leases are binding as per the terms and conditions contained within. We have not been provided with final executed copies of the lease agreements to the various tenancies and have assumed that any heads of agreement, unsigned or unregistered leases noted within our report are converted to signed, registered leases as per the details provided. Legal advice is strongly recommended, with the valuer notified of any variations as The Valuations may change.
Proposed HomeCo Ellenbrook	The lease agreement to Spudshed includes works to construct the tenancy including the installation of refrigeration which have commenced as at the date of valuation. It is assumed that in the event the development as proposed does not proceed, that the proprietor will not be held accountable for any losses experienced as per the works sunset clause and termination clause within the Spudshed lease.
Glenmore Park Town Centre	We assume all information provided by the Instructing Party (Home Consortium Limited) and the information available in the Data Room is correct and current. As HomeCo progresses through its due diligence process, there will be new information that will come available and likely uploaded to the data room. We highlight, we have adopted the available information as at 15 September 2020. There will likely be some variations with new deals or tenants vacating or renewing. If there are any major changes post 15 September 2020 these changes should be specifically brought to our attention for consideration and possible reassessment. As part of the transaction it is the Vendor's obligation to resolve a number of compliance issues as detailed in Section 5.2 of The Valuation. Funds will be held in escrow for any required costs post settlement. We recommend the Reliant Party consider the above and obtain progress updates on completion of the required works and ensure the funds in escrow are sufficient to rectify these issues. We have been provided with a Technical Due Diligence Report prepared by Knight Frank dated 2 September 2020. The report highlights a number of issues which 'are to be considered' and some which should be addressed 'immediately'. We recommend HomeCo review the report in detail and action all necessary items as The Valuation is prepared on this basis.
Gregory Hills Town Centre	We have been provided with a Technical Due Diligence Report prepared by Knight Frank dated 18 September 2020. The report highlights a number of issues which are 'to be considered' and some which should be addressed 'immediately'. We recommend HomeCo review the report in detail and action all necessary items as The Valuation is prepared on this basis. The lease documentation refers to a Head Lease and Sub Lease arrangement. HomeCo is acquiring the Freehold Interest. The Head Lease / Sub Lease arrangement is in place between Dart West (Developer) and Trustees of the Marist Brothers (Registered Proprietor). We are not privy to the specific Head Lease arrangement, however, understand any such arrangement will be dissolved. As such we have disregarded any reference to the Head Lease and Sub Lease when reviewing the lease documentation. If the arrangement differs in anyway The Valuation should be returned for review and possible amendment.

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

Glenmore Park Town Centre & Gregory Hills Town Centre	We comment that the Primary Valuer has not physically inspected the subject property, however the Secondary Valuer has undertaken a full site inspection. Notwithstanding, the Primary Valuer's involvement has been undertaken pursuant to the APIs, "Protocol – Time of Crisis and/or State of Emergency Inspection requirements when undertaking valuations of real property" effective as at 29 March 2020. This protocol deals with valuations undertaken by API members where a full (physical or personal) inspection of the property cannot be undertaken.
All Assets – Verifiable Assumptions	In addition to the above we have made a number of Verifiable / General Assumptions throughout The Valuations. As this is a Summary Letter only, we have detailed those specific and important assumptions above and refer the reader to The Valuations for additional valuation assumptions.

Conflict of Interest

We confirm that the Valuers have no conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with The Valuations.

Basis of Valuation

We have assessed The Valuations on the basis of Freehold title, subject to existing tenancies.

Included in the amount of each valuation are normal fixtures and fittings. Excluded from the amount are items of furniture and furnishings, and tenant's fixtures and fittings. The Valuations are determined on the basis that the properties, the title thereto and use are not affected by any matter other than that mentioned in The Valuations.

The Valuations have been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

Market Value	*"Market Value is 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 further note that this valuation has been undertaken for financial reporting purposes and has been completed in accordance with International Financial Reporting Standards 13 (as defined in the International Valuation Standards 2017 – Fair Value), Australian Accounting Standards Board AASB 13 – Fair Value Measurement and AASB 140 – Investment Property. The respective Fair Value definitions are as follows:

Fair Value Definition

IFRS 13	*"…Fair Value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*
AASB 13	*"…the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*
AASB 140	*"…the amount for which an asset could exchange between knowledgeable, willing parties in an arm's length transaction."*
Highest & Best Use	The Fair Value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible and financially feasible. We believe that the current use of the property is reflective of its highest and best use.

10 Summary of Valuation Reports (continued)

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

Valuation Methodology

In determining market value, we have examined the available market evidence and applied this analysis to both the traditional capitalisation approach and the discounted cash flow approach. These approaches have in turn been checked by the direct comparison approach, analysed on a rate per square metre of total lettable area.

For Asset 3, we have untiled the direct comparison approach both on an analysed rate per square metre of lettable area and also site area. This approach has been checked by the summation approach.

Capitalisation Approach

The central premise of this approach is that the adopted capitalisation rate is derived from the yields indicated by sales of similar property investments. The yield derived from comparable sales evidence is purported to reflect any expectations of future growth in income and capital value.

The capitalisation of net income approach has been undertaken by applying a yield to the potential market net income (market capitalisation). To the value derived, adjustments have been made for any relevant rental reversions including letting up allowances for vacant space, incentives, leasing fees, capital expenditure and other appropriate capital allowances.

Discounted Cash Flow

We have also determined the market value of the assets (excluding Asset 3) through the use of DCF analysis. The DCF approach involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.

Cash inflows comprise income from the property adjusted to reflect actual rental income, speculative rental income and rental growth, whilst cash outflows comprise outgoings adjusted to reflect anticipated inflation, lease incentives and leasing and marketing fees. The terminal value is determined by the capitalisation of the imputed net market income in the month after the final cash flow period with allowances for any relevant capital adjustments.

The projected income stream reflects the anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected outgoings and allowances, future capital expenditure is reflected in the cash flow.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

Having regard to the above factors we have prepared a 10 year cash flow projection for each asset (excluding the development site) in which we have assumed that the property is sold at the commencement of the eleventh year of the cash flow. The cash flow has been prepared on a tenant-by-tenant monthly basis and is based upon the following assumptions.

Our valuation has been undertaken on a GST exclusive basis.

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

Direct Comparison
The direct comparison approach entails an analysis of market transactions that compare to the subject property with adjustments made for varying points of difference. The approach compares sales on a rate per square metre of site area which reflects the differences in marketability, utility, location and physical attributes.

Summation
The summation method involves adding the 'added value' of the improvements to the estimated unimproved value of the subject site (Proposed HomeCo Ellenbrook).

Asset Summary

Below we highlight the individual asset types, land area and also lettable area. These are detailed as follows:

Asset Details				
No.	Asset Name & State	Asset Type	Land Area	Lettable Area
1	HomeCo Joondalup, WA	Large Format Retail Centre	44,260m²	17,316m²
2	HomeCo Butler, WA	Large Format Retail Centre	42,173m²	17,333m²
2	Proposed HomeCo Ellenbrook, WA	Improved Development Site	30,002m²	13,696m²
4	Glenmore Park Tow n Centre, NSW	Neighbourhood / Tow n Centre	45,859m²	17,217m²
5	Gregory Hills Tow n Centre, NSW	Neighbourhood Shopping Centre	46,280m²	10,478m²

We refer the reader to The Valuations for a full discussion on location, improvements, trade area overview, market commentary, sales evidence, valuation calculations and a detailed income analysis (where applicable). The Valuations also detail the strengths, weakness, opportunities and threats for each asset.

Valuation Summary

We have assessed the Market Value of the freehold interest for the 5 assets as at the respective dates of valuation being 30 September 2020 (Asset 1, 2 & 3) and 1 December 2020 (Asset 4 & 5). These assessments are listed below and are subject to the qualifications, assumptions and recommendations contained within The Valuations.

The properties have been inspected prior to the respective dates of valuation. Given potential changes to the market and the property, The Valuations represent our opinion as at the dates of valuation only. We do not accept any liability for losses arising from such subsequent changes in value.

For the purpose of The Valuations, we have assumed that the property and the market have remained unchanged between our inspection dates and the dates of valuation.

The individual assessments are as follows:

10 Summary of Valuation Reports (continued)

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

Adopted Valuation Metrics							
No.	Asset Name & State	Adopted Capitalisation Rate	Adopted Discount Rate	Equivalent Yield	IRR (10 Yr)	'As Is' Market Value	$/m²
1	HomeCo Joondalup, WA	6.75%	7.25%	6.84%	7.25%	$49,500,000	$2,859
2	HomeCo Butler, WA	6.75%	7.25%	6.86%	7.33%	$40,500,000	$2,337
4	Glenmore Park Town Centre, NSW	5.50%	6.25%	5.40%	6.19%	$148,500,000	$8,625
5	Gregory Hills Town Centre, NSW	5.50%	6.50%	5.49%	6.48%	[1]$68,940,000	$6,206

No.	Asset Name & State	Direct Comparison (Improved Site Area)	Direct Comparison (Lettable Area)	Underlying Land Value	Added Value of Improvements	'As Is' Market Value
2	Proposed HomeCo Ellenbrook, WA	$417/m²	$894/m²	$327/m²	$183/m²	$12,500,000

[1] *Inclusive of Balance Land totalling $3,913,000. Adopted metrics exclude Balance Land.*

Qualifications and Warnings

(i) The Valuations have been prepared for Home Consortium Limited (HomeCo) only and for the specific purposes outlined within The Valuations and cannot be relied upon by third parties.

(ii) In the event that Home Consortium Limited (HomeCo) is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the subject properties CIVAS (VIC) Pty Limited does not extend reliance authority for The Valuations to any party beyond the Responsible Entity and does not extend reliance authority for The Valuations to any third parties which may have an interest in such an investment vehicle.

(iii) Whilst the Summary Letter is a summary of The Valuations as at the dates of valuation, it has not been prepared for the purpose of assessing the property as an investment opportunity. Furthermore, we caution that we cannot fully summarise in this Summary Letter all matters discussed within The Valuations.

(iv) CIVAS (VIC) Pty Limited has not been involved in the preparation of the PDS nor have The Valuations had regard to the other material contained in the PDS. The Valuations and report content do not take into account any matters concerning the investment opportunity contained in the PDS.

(v) Neither CIVAS (VIC) Pty Limited nor any of its Directors makes any representation or recommendation in relation to The Valuations, the investment opportunity contained in the PDS and the PDS itself nor accepts responsibility for any information or representation made in the PDS.

(vi) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS.

(vii) CIVAS (VIC) Pty Limited is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. CIVAS (VIC) Pty Limited does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in The Valuations.

(viii) The Valuations are current as at the dates of The Valuations only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the dates of The Valuations, or such earlier date if you become aware of any factors that have any effect on The Valuations.

HomeCo Daily Needs REIT (DNR) Valuation Summary Letter

In the case of advice provided in this Summary Letter and The Valuations which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the Summary Letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

Yours sincerely,

CIVAS (VIC) Pty Limited

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Certified Practising Valuer

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Liability Limited by a scheme approved under Professional Standards Legislation

Section 11

Taxation

11 Taxation

11.1 Tax consequences of acquiring Units under the Offer

The initial cost base of a Unit will generally include the amount paid to acquire the Unit, plus certain incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty) that are not otherwise deductible to the Unitholder. The reduced cost base of a Unit will be similarly determined.

11.2 Taxation of HomeCo Daily Needs REIT

HomeCo Daily Needs REIT intends to elect into the AMIT regime. Accordingly, this summary has been prepared on the basis that HomeCo Daily Needs REIT is an AMIT.

As an AMIT, HomeCo Daily Needs REIT will be required to determine its 'determined trust components' each income year, which broadly reflect the taxable income of HomeCo Daily Needs REIT split into various classes of income for tax purposes. These components are then 'attributed' to the Unitholders.

The Responsible Entity is not subject to tax in respect of the income and gains derived by HomeCo Daily Needs REIT provided the Responsible Entity attributes (in full) the 'determined trust components' of HomeCo Daily Needs REIT to Unitholders within three months of the end of each income year and the Responsible Entity limits HomeCo Daily Needs REIT's activities to undertaking, or controlling entities that undertake, 'eligible investment business' for Australian taxation purposes.

It is intended that HomeCo Daily Needs REIT will be administered such that all of HomeCo Daily Needs REIT's 'determined trust components' in each income year will be attributed to Unitholders and HomeCo Daily Needs REIT undertakes only 'eligible investment business'. On this basis, HomeCo Daily Needs REIT should not have any liability for Australian income tax (other than non-resident withholding tax).

11.3 Taxation of Distributions

Distributions to Unitholders may comprise taxable, capital gain and non-assessable components. The Australian tax treatment of those components depends upon whether the Unitholder is an Australian-resident or non-resident.

11.3.1. Australian resident Unitholders

Taxable component

An Australian resident Unitholder will include in their assessable income the taxable component of the distribution in the year to which the distribution relates (i.e. the year in which HomeCo Daily Needs REIT derives and attributes the income, not when the distribution is physically received by the Unitholder). Tax is levied on the taxable component at the Unitholder's marginal tax rate.

If the taxable component of a distribution includes a franked dividend, Unitholders should be entitled to a tax offset equal to the amount of the associated franking credit, provided certain requirements are met.

Capital gain component

To the extent that a net capital gain is included in HomeCo Daily Needs REIT's taxable income, the Australian resident Unitholder should be regarded as having derived a capital gain equal to the Unitholder's attributed share of such net capital gain. Where the attributed capital gain includes a discount capital gain component, the Unitholder is required to 'gross up' the amount of the capital gain included in their assessable income by the discount applied by HomeCo Daily Needs REIT (i.e. 50%). Australian resident Unitholders can then apply any available capital losses from other sources to reduce the capital gain and then apply their own CGT discount factor, if applicable.

In the case of a Unitholder that is an individual or a trust the CGT discount is 50% and in the case of a complying superannuation entity the CGT discount is 33.33%. Companies are not entitled to a CGT discount on capital gains.

For completeness, it is noted that the Australian Government has proposed that MITs and AMITs will no longer be able to apply the CGT discount method at the trust level. If the proposed change is legislated, HomeCo Daily Needs REIT should still identify any CGT gains eligible for discount, so that Unitholders can calculate their CGT discount on any discountable capital gains attributed to them by HomeCo Daily Needs REIT.

11 Taxation (continued)

Non-assessable component

In broad terms, the non-assessable component (i.e. tax-deferred component) represents the excess of the income distributed by HomeCo Daily Needs REIT over the taxable component and capital gain component of that distribution. Non-assessable amounts received by an Australian resident Unitholder will generally not be included in that Unitholder's assessable income.

CGT cost base adjustments

The CGT cost base of a Unitholder's units in HomeCo Daily Needs REIT will be increased by the amount of the taxable component and capital gain component (grossed up to reflect the capital gains tax discount concession) and reduced by the gross amount distributed to the Unitholder and the Unitholder's share of any tax offsets (including franking credits). If the cost base of a Unit is reduced to nil, any subsequent amount distributed to a Unitholder in excess of the taxable component and CGT gain component will be taxable on receipt as a capital gain.

Eligible Australian resident Unitholders who are individuals, trustees or complying superannuation entities may be entitled to apply the applicable CGT discount factor to reduce any such capital gain (after the application of any capital losses).

11.3.2. Non-resident Unitholders

Taxable component – Dividends and Interest

Unfranked dividends and interest income distributed by HomeCo Daily Needs REIT will be subject to withholding tax which is generally imposed at a rate of 30 per cent for dividends and 10 per cent for interest. This is a final withholding tax. Franked dividends distributed by HomeCo Daily Needs REIT are not subject to withholding tax.

Non-resident Unitholders that are residents of a country that has entered into a double tax agreement with Australia may be entitled to a lower rate of withholding tax.

Taxable component – Other Income

Distributions from HomeCo Daily Needs REIT of income other than dividends and interest should be subject to MIT withholding tax.

The Responsible Entity will withhold MIT withholding tax from such distributions to the extent they represent taxable income of HomeCo Daily Needs REIT. However, taxable income of HomeCo Daily Needs REIT that is non-Australian sourced income or capital gains on assets that are not 'taxable Australian property' ('taxable Australian property' mainly includes direct and indirect interests in land situated in Australia) will not be subject to MIT withholding tax.

In calculating the taxable income of HomeCo Daily Needs REIT for non-resident withholding tax purposes, HomeCo Daily Needs REIT will be required to include the full amount of any capital gains HomeCo Daily Needs REIT derives from the disposal of 'taxable Australian property' (i.e. HomeCo Daily Needs REIT must disregard the availability of the discount capital gains tax concession).

The MIT withholding tax rate will depend on the country in which the relevant non-resident Unitholder is a resident. For residents of countries with which Australia has an 'effective exchange of information on tax matters' and which have been specified in the legislation for these purposes the rate will normally be 15%. For residents of other countries the MIT withholding rate will be 30%.

Non-assessable component

The remainder of distributions to non-resident Unitholders will comprise the non-assessable component. This portion of a distribution is generally not immediately taxable in a Unitholder's hands.

A non-resident Unitholder's CGT cost base will be increased by the amount of the taxable component (including any grossed up CGT concession amount) and reduced by the amount distributed to the Unitholder and the Unitholder's share of any tax offsets (excluding franking credits).

Where a non-resident Unitholder that (together with its associates) holds 10 per cent or more of the units of HomeCo Daily Needs REIT and the CGT cost base of a Unit is reduced to nil, any amount distributed to that non-resident Unitholder in excess of the taxable component and capital gain component will give rise to an immediate capital gain to the Unitholder. The CGT discount is not available for non-resident Unitholders.

11.4. Disposal of Units

11.4.1. Australian Residents

Upon disposal of a Unit, a Unitholder should make a capital gain if the capital proceeds for the disposal exceed the cost base of the Unit. A Unitholder should make a capital loss if the capital proceeds are less than the reduced cost base of the Unit.

For disposals of a Unit, individuals, complying superannuation entities or trustees that have held their Units for at least 12 months may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their Units by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33.33% for complying superannuation entities.

The CGT discount will not be available to a Unitholder that is a company.

11.4.2. Non-Residents

For Unitholders who are not Australian tax residents, the disposal of their Units should have no CGT consequences if the Units are not "taxable Australian property".

A Unit should generally only be taxable Australian property for non-resident Unitholders who:

- just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time, the Unitholder, either alone or together with their associates, hold a 10% or greater interest in HomeCo Daily Needs REIT and more than 50% of the value of HomeCo Daily Needs REIT's assets is attributable to Australian real property; or
- are individuals who made an election to disregard a CGT event I1 capital gain or capital loss in respect of their Units when they ceased to be an Australian tax resident.

For Units disposed of otherwise than on the ASX, non-resident Unitholders may not be subject to foreign resident CGT withholding tax of 12.5% on the disposal of their Units.

11.5. Other matters

11.5.1. TFN and ABN

A Unitholder is not obliged to quote a TFN, or where relevant, ABN, to HomeCo Daily Needs REIT.

However, if an Australian resident Unitholder does not provide their TFN, ABN or details of their exemption from having to provide a TFN or ABN to HomeCo Daily Needs REIT, tax may be withheld (currently at a rate of 47%) on all or part of the distributions paid by HomeCo Daily Needs REIT. However, Unitholders are entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

11.5.2. GST

No GST should be payable in respect of acquisitions of Units pursuant to the Offer. The acquisitions involve dealings with securities, so the various supplies will be input taxed.

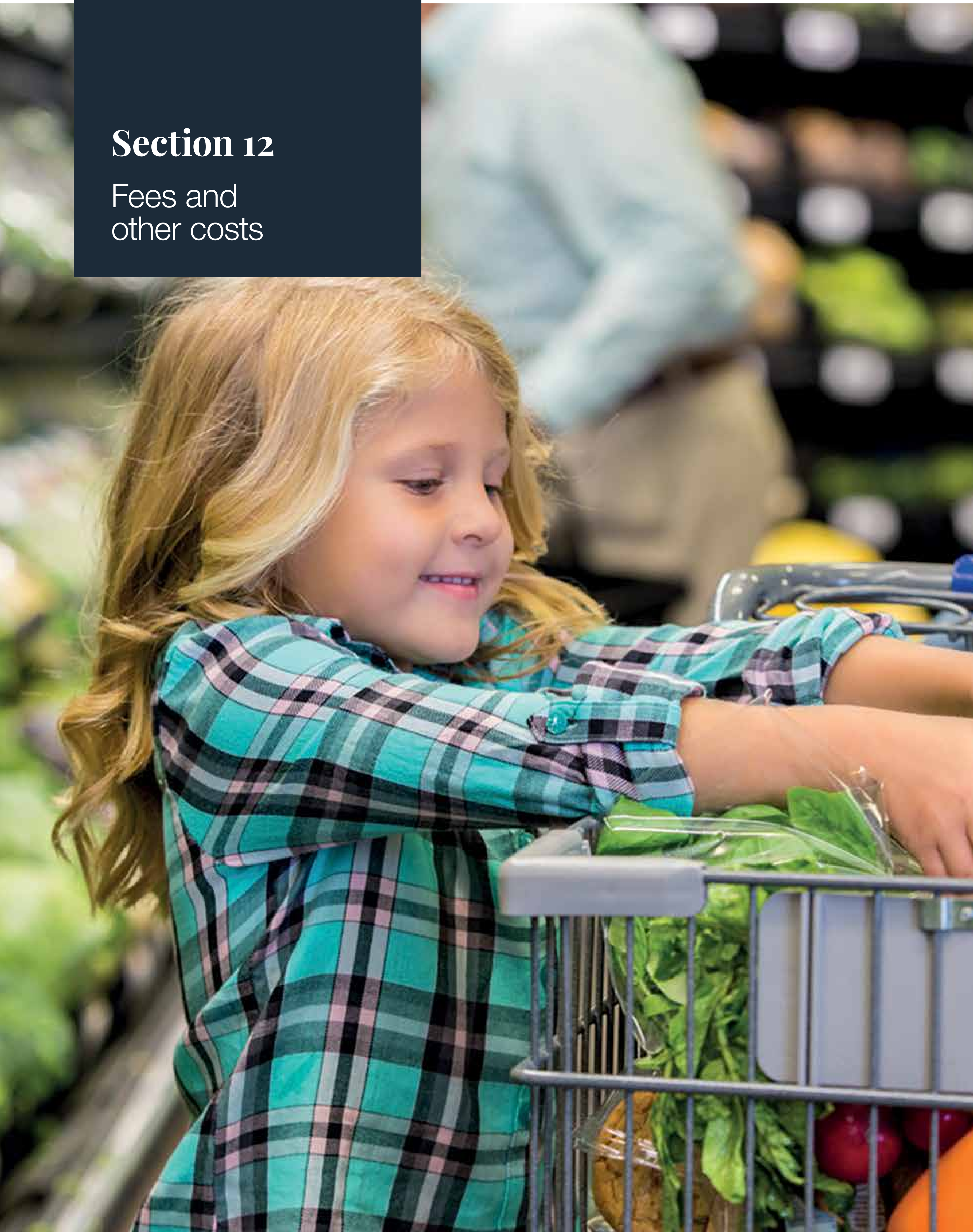
There may be an indirect GST cost for GST registered Unitholders on any costs they incur, as input tax credits will generally not be available for GST incurred in respect of supplies relating to the dealings with these Units (e.g. legal and other adviser fees). This will depend on the circumstances of the particular Unitholder.

11.5.3. Stamp duty

No stamp duty should be payable in respect of acquisitions of Units pursuant to the Offer. This is provided that HomeCo Daily Needs REIT is admitted to the ASX and all of the units of HomeCo Daily Needs REIT are quoted on the ASX at all relevant times (including for example the dates of issue, purchase or transfer of the Unit or agreement for such purchase or transfer) and provided that no person, either alone or with associated persons, acquires a 90% or greater interest in the Units in HomeCo Daily Needs REIT.

Section 12

Fees and other costs



12 Fees and other costs

The Corporations Act requires the Responsible Entity to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across all product disclosure statements and is not specific to information on fees and costs in the REIT.

DID YOU KNOW?
Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

TO FIND OUT MORE
If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities & Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

12.1. Fees and other costs

The following table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the REIT as a whole.

Taxes are set out in Section 11.

You should read all the information about fees and costs because it is important to understand their impact on your investment. All fees are quoted before GST.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund		
Establishment fee The fee to open your investment.	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable.
Withdrawal fee **The fee on each amount you take out of your investment.**	Nil	Not applicable.
Termination fee The fee to close your investment	Nil	Not applicable.

12 Fees and other costs (continued)

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Management fees and costs		
The fees and costs for managing your investment are:		
Investment Management Fee A fee for the management and operation of the REIT	The Investment Manager is entitled, from Completion, to an Investment Management Fee equal to 0.65% per annum of Gross Asset Value (**GAV**) up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion.	To be paid from the income or assets of the REIT monthly in arrears.
Property Management Fee A fee for the management and operation of the Portfolio	The Property Manager is entitled, from Completion, to a Property Management Fee equal to 3% of gross income.	To be paid from the income or assets of the REIT monthly in arrears.
Performance Fee	Nil	Not applicable
Other Management Fees	The Responsible Entity, Investment Manager and Property Manager are entitled to be paid or reimbursed for expenses relating to the proper performance of their duties as Responsible Entity, Investment Manager or Property Manager.	Expenses are reimbursable to the Property Manager from the REIT's income and assets as and when incurred.
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable

12.2. Example of annual fees and costs

The following table gives an example of how the fees and costs to the REIT can affect your investment over a 1 year period.

You should use this table to compare this product with other managed investment products. All amounts are exclusive of GST.

Type of fee or cost		Balance of $50,000 with a contribution of $5,000 during year
Contribution Fees	Nil	For every additional $5,000 you have in the REIT you will be charge $0
Management Costs		
Management fees	0.65% per annum of GAV	For every $50,000 you have in the REIT, you will be charged $325.[1]
Property management fees	3.00% of gross income	For every $50,000, you will be charged $110, assuming Property Management Fees equate to 22 basis points of GAV.[2]
EQUALS costs to fund	If you had an investment of $50,000 at the beginning of the year and you invested an additional $5,000 at the beginning of the year, you would be charged fees and expenses of $479 for that year.	

Note:

1. This amount has been estimated based on the REIT's expected GAV at Completion of below $1.50 billion and applies the full management fee of 0.65% per annum of GAV. This is an estimate only and it is likely that the REIT's GAV, and therefore the amount of the management fee payable to the Responsible Entity will change over time. This amount is an estimate only based on the expected costs of managing the administering the REIT (excluding the management base fee).
2. Based on FY21 annualised Property Management Fees as a percentage of GAV on Completion.

12.3. Fees and costs associated with the Capital Distribution and the Offer

The following table sets out the fees and costs expected to be incurred in connection with the Capital Distribution and the Offer and the proportion of those fees and costs which the REIT will be responsible for.

12.3.1. Stamp duty costs

There should be no stamp duty arising on the Capital Distribution or Units acquired under the Offer. This is provided that HomeCo Daily Needs REIT is admitted to the ASX and all of the units of HomeCo Daily Needs REIT are quoted on the ASX on the Capital Distribution Date and at all relevant times (including for example the dates of issue, purchase or transfer of the Unit or agreement for such purchase or transfer) and provided that no person, either alone or with associated persons, acquires a 90% or greater interest in the Units in HomeCo Daily Needs REIT.

Stamp duty is payable on the acquisitions of new land assets and duty will be payable on the acquisitions of Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre, and is estimated to be approximately $15.3 million. Stamp duty will be payable in Victoria and Queensland on the acquisition of the Portfolio from HomeCo and is estimated at approximately $4.7 million (provided stamp duty exemption and concessional relief applies in NSW, WA and Victoria). Victorian stamp duty will be payable on the float of HomeCo Daily Needs REIT (i.e. when all of its Units are quoted on the ASX) and is estimated at $1.4 million.

12.3.2. Offer management, stamp duty, transfer duty, advisers', consultants' and other transaction costs

Transaction costs are estimated to be approximately $45 million and include stamp duty relating to the Acquisitions, transfer duty, offer management fees, advisers' and consultants' fees, printing, marketing, property valuation fees and costs associated with establishing a listed entity (such as registry, Responsible Entity and initial listing fee). These costs will be paid by the REIT from the proceeds of the Offer.

12 Fees and other costs (continued)

Type of fee or cost (inclusive of GST)	Amount (A$ 000s)
ASX and one-off listing costs	500
Underwriting and other advisor fees	16,420
Debt underwriting	6,400
Stamp duty relating to the Acquisitions	15,270
VIC stamp duty on IPO	1,419
Transfer duty	4,668
Marketing, printing and distribution	39
Total	**44,715**

12.4. Additional explanation of fees and costs

12.4.1. Operating expenses

To the extent permitted by the Corporations Act, the Responsible Entity and the Managers are entitled to recover all costs and expenses incurred in the proper performance of their duties as Responsible Entity and Managers of the REIT, including in relation to:

- the REIT's external advisers, such as the REIT's Auditor, accounting and tax advisers and legal advisers;
- ongoing fees payable to the ASX and ASIC or other regulatory and government authorities;
- fees payable to the Registry;
- fees payable to valuers and other consulting service providers;
- fees payable to the Custodian (refer to Section 13.6 for a description of the fees payable to the Custodian); and
- expenses (including travel), costs (excluding salaries) and disbursements incurred by HomeCo personnel in relation to the management and administration of the REIT and the Portfolio.

12.5. Fees to related parties under other arrangements

Certain fees and expenses will be paid from assets of the REIT to related parties of the REIT, including pursuant to the Management Agreements. See below for further detail on the fees payable under those agreements. Certain of these amounts, which are summarised below, are not included in the above tables as "management costs", as they are of a kind that would typically be incurred if investors acquired the relevant properties directly and not through the Fund.

HomeCo may also earn additional fees in relation to services which the REIT engages it to undertake on an arm's length basis.

12.5.1. Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager is entitled to:

- **Management Fee:** 0.65% per annum of GAV on GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.
- **Acquisition Fee:** 1.00% of the purchase price of any assets directly or indirectly acquired by the REIT in proportion to the REIT's economic interest in the asset; and
- **Disposal Fee:** 0.50% of the sale price of any assets directly or indirectly disposed of by the REIT in proportion to the REIT's economic interest in the asset.

The Investment Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services, including all taxes and amounts it pays to third parties for which it is also separately indemnified.

Refer to Section 13.4.9 for further details on costs and expenses.

12.5.2. Property Management Agreement

Under the Property Management Agreement, the Property Manager is entitled to:

- **Property Management Fee:** 3% of gross income for each property for each month;
- **New Tenant Lease Fee:** 15% of the Face Rent for the first year of a lease term where the tenant is new to the Property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the REIT);
- **Lease Renewal Fee:** 7.5% of the Face Rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the Property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the REIT);
- **Lease Administration and Design Fees:** charge on a cost recovery basis, unless payable by the tenant; and
- **Development Management Fee:**
  - 5% of development costs in relation to the first $2.5 million of project costs at each project; and
  - 3% of developments costs thereafter.

The Property Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services.

12.5.3. Responsible Entity Fees

Under the Constitution, the Responsible Entity is entitled to be paid a fee equal to 1% per annum (plus GST) of GAV but will not be paid this fee while the Managers are receiving the fees under the Management Agreements. This fee will be calculated on a pro-rata basis for any part period.

The Responsible Entity will also be reimbursed for all expenses incurred, including those in connection with the establishment, promotion and operation of the REIT, in properly performing its duties.

The Responsible Entity may elect that it be issued Units in lieu of cash payment of the management fees or reimbursement of expenses incurred in connection with the operation of the REIT. The number of Units to be issued to the Responsible Entity will be based on the amount of management fee to be paid or the expenses to be reimbursed (including any GST) by way of issue of Units, divided by the volume weighted average price of Units for each of the 10 trading days immediately before the management fee is payable or the day on which the expenses are reimbursable.

12.6. Fee changes

The Responsible Entity may not increase the fees payable to it as set out in the Constitution without a special resolution of Unitholders first having varied the Constitution. A special resolution requires 75% of the votes cast by those Unitholders entitled to vote on the resolution (by value).

The Investment Manager's or Property Manager's fees may not be amended without the agreement of the Responsible Entity and the Investment Manager or Property Manager.

12.7. Taxes

Unless stated otherwise, all fees in this Section 12 are inclusive of non-recoverable GST and less a full input tax credit or reduced input tax credit. For additional information in relation to the taxation implications of an investment in the REIT, please see Section 11.

Section 13

Summary of important documents

13 Summary of important documents

Set out below is a summary of certain material contracts relating to the REIT which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this PDS for the purpose of making an informed assessment of an investment in the REIT under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this PDS. Summaries are included for information only, do not purport to be complete and are qualified by the text of the contracts themselves.

13.1. Summary of the Constitution

A general summary of the rights attaching to the Units and other key provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the Constitution, Corporations Act, exemptions and declarations by ASIC, Listing Rules, waivers by ASX and the general law.

13.1.1. Units

The beneficial interest in the REIT is divided into Units. Each fully paid Unit confers an equal undivided interest and a partly paid Unit confers an interest of the same nature which is proportionate according to the amount of the application price that has been paid on the Unit. A Unit confers an interest in the assets of the REIT as a whole, subject to the liabilities. It does not confer an interest in a particular asset of the REIT. The Responsible Entity may issue options and financial instruments in accordance with the Constitution.

13.1.2. Income and distributions

The Responsible Entity must determine the distributable income of the REIT for each distribution period. Unless the Responsible Entity determines otherwise, distributable income is the amount equal to the greater of:

- the amount calculated in accordance with generally accepted accounting principles as the income of the REIT for the Financial Year (excluding any unrealised amounts such as unrealised asset revaluation amounts); or
- the amount equal to the net income of the REIT (as defined in section 95 of the *Income Tax Assessment Act 1936* (Cth)) for the distribution period as reduced by any amounts that are not represented by a net accretion to the trust estate (including, without limitation, franking credits) and the amount of $1.

Unless expressly determined otherwise by the Responsible Entity before the end of a Financial Year, the distributable income for that Financial Year shall not in any event be less than the amount that the Responsible Entity must distribute if it is not to be assessable (or liable to pay more Tax than the minimum amount of Tax properly assessable) on any portion of the net income of the REIT (as defined in section 95 of the *Income Tax Assessment Act 1936* (Cth)).

13.1.3. Transfer of Units

If the Units are not officially quoted, transfer may be effected by instruments of transfer that are in accordance with the Constitution and in a manner prescribed by the Responsible Entity. While the Units are officially quoted, Units may be transferred in any manner prescribed by the Responsible Entity subject to the Constitution and the ASX Settlement Operating Rules.

13.1.4. Redemptions

While the REIT is listed, a Unitholder may make a redemption request in respect of some or all of their Units by giving the Responsible Entity notice in writing of the request, or in any manner approved by the Responsible Entity. While the Units are officially quoted but are not stapled, the Responsible Entity may, subject to and in accordance with the Corporations Act (including any ASIC relief) and any requirements under the ASX Settlement Operating Rules, purchase Units and cause the Units to be cancelled. While the Units are officially quoted and stapled, the Responsible Entity may, subject to the Corporations Act and the Listing Rules, purchase Units on ASX or any other financial market on which the trading of Units is permitted, and also off-market.

13 Summary of important documents (continued)

13.1.5. Powers of the Responsible Entity

The Responsible Entity in its capacity as trustee of the REIT has power to:

- invest in, dispose of or otherwise deal with property and rights in its absolute discretion, including the power to invest in a controlled entity and derivatives;
- borrow or raise money whether or not on security of the assets of the REIT;
- incur all types of obligations and liabilities including guarantees;
- enter into an arrangement with a person to underwrite the subscription or purchase of Units, options or financial instruments on such terms as the Responsible Entity determines;
- apply for quotation of any Units, options or financial instruments on any exchange where similar instruments are listed and traded; and
- enter into management agreements in respect of the Portfolio.

The Responsible Entity may authorise any person to act as its agent or delegate (in the case of a joint appointment, jointly and severally) to hold title to any asset of the REIT, perform any act or exercise any discretion within the Responsible Entity's power, including the power to appoint in turn its own agent or delegate.

13.1.6. Meetings

The Responsible Entity may at any time convene a meeting of Unitholders and must do so if the Corporations Act or the ASX Operating Rules require.

13.1.7. Limitation of liability and indemnity in favour of the Responsible Entity

Subject to the Corporations Act, whilst the Responsible Entity acts in good faith and in the proper performance of its duties, the Responsible Entity is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the REIT.

Subject to the Corporations Act, the liability of the Responsible Entity to any person other than a Unitholder in respect of the REIT is limited to the amount the Responsible Entity actually receives under its right to be indemnified from the assets of the REIT.

The Responsible Entity is entitled to be indemnified out of the assets of the REIT for any liability incurred by it in properly performing any of its duties in relation to the REIT, or by, to the extent permitted by the Corporations Act, any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

13.1.8. Liability of Unitholders

In the absence of a separate agreement with a Unitholder or creditor, the recourse of the Responsible Entity and any creditor of the REIT against a Unitholder in connection with the REIT is limited to the assets of the REIT. The liability of a Unitholder is limited to the amount, if any, which remains unpaid in relation to the Unitholder's subscription for their Units. However, the Responsible Entity is entitled to be indemnified by a Unitholder or former Unitholder to the extent that the Responsible Entity incurs any liability for tax or costs as a result of the Unitholder's action or inaction, or as a result of an act or omission requested by the Unitholder or former Unitholder.

The Responsible Entity is also entitled to be indemnified by a Unitholder or former Unitholder for any tax payable by the Responsible Entity and any related costs as a result of the operation of the Attribution Managed Investment Trust (**AMIT**) regime to the extent that the tax reasonably related to the Units held by the Unitholder.

The Responsible Entity may satisfy the amount indemnified in relation to tax or costs by way of a reduction of payments otherwise due from the Responsible Entity to the Unitholder or former Unitholder or by way of a redemption of a number of Units held by the Unitholder as results in a satisfaction of the amount indemnified. A Unitholder need not indemnify the Responsible Entity if there is a deficiency in the assets of the REIT or meet the claim of any creditor of the Responsible Entity in respect of the REIT. However, the effectiveness of these provisions has not been tested in superior courts.

13.1.9. Fees and expenses

The Responsible Entity is entitled to receive a management fee in connection with the provision of the services to the REIT. Details of these fees are set out in Section 12. All expenses incurred by the Responsible Entity including, those in connection with the establishment, promotion and operation of the REIT and the Responsible Entity and its board of directors, in properly performing its duties are payable or can be reimbursed out of the assets of the REIT.

13.1.10. Winding up

On the winding up of the REIT, each Unitholder is entitled to receive an amount of the net proceeds of realisation, after making allowance for all liabilities and expenses of the REIT, proportionate to the number of Units held.

The Responsible Entity may commence winding up of the REIT in accordance with the termination procedure set out in the Constitution on the earlier of:

- the day before 80 years after the REIT is established;
- the date specified by the Responsible Entity as the date of termination of the REIT in a notice given to Unitholders; and
- the date on which the Responsible Entity commences termination or winding up of the REIT in accordance with the Constitution or by law.

13.1.11. Amendment to the Constitution

If the Corporations Act allows, the Constitution may be amended by a resolution passed at a meeting of Unitholders of the REIT or by deed executed by the Responsible Entity. The Responsible Entity has the power to amend the Constitution as the Responsible Entity considers necessary or desirable to facilitate compliance with and the effective operation of the REIT as an AMIT for the purposes of the AMIT regime, and may do so without seeking approval from Unitholders, subject to the Corporations Act as modified by any applicable ASIC relief.

13.2. Implementation Deed

The Implementation Deed is between HCL, HCDL and the Responsible Entity. This deed sets out the procedures to be followed to implement the Proposal and other related matters. In addition to those elements of the Proposal described elsewhere in this PDS, the Implementation Deed deals with the matters discussed in this Section.

13.2.1. Agreement to implement the Proposal

The parties agree to do all things reasonably necessary to implement and give effect to the Proposal, subject to their constitutions, the Implementation Deed, any of their material obligations and applicable laws. This includes using best endeavours to ensure satisfaction of the conditions precedent (see below).

13.2.2. Conditions precedent

The implementation of the Proposal is subject to:

- ASIC, ASX and any other regulatory authority providing such consents or approvals or having done such other acts which the parties agree are required to implement the Proposal and those consents or approvals are not withdrawn, cancelled or revoked;
- admission of the REIT to the official list of ASX and official quotation of the Units having commenced;
- the Offer not having been withdrawn by the Responsible Entity and the Underwriting Agreement not having been terminated or any condition precedent in the Underwriting Agreement not having become incapable of being satisfied;
- approval by HomeCo Securityholders at the Meeting of the Capital Distribution by the requisite majorities;
- HomeCo has obtained all necessary consents under its existing debt facilities to undertake the Proposal and such consent not having been withdrawn or any conditions to such consent not having become incapable of being satisfied;
- no judgement, order, rule or regulation, restraint or prohibition is entered, enacted, enforced or issued by any court or government agency remains in effect as at 8.00am on the date the REIT is admitted to the official list of ASX and official quotation of Units commences that prohibits, materially restricts, makes illegal or restrains the completion of the Proposal; and
- the Debt Facility is entered into and all conditions precedent to the Sale Contracts and the Debt Facility, in each case, being satisfied or waived or, in the case of the Debt Facility, will be satisfied on first utilisation under the Debt Facility.

13 Summary of important documents (continued)

13.2.3. Termination

A party may terminate the Implementation Deed by notice in writing to the other parties if a condition precedent becomes incapable of satisfaction, and the breach or non-fulfilment of the condition precedent that would otherwise occur has not already been waived.

HomeCo may also terminate the Implementation Deed by giving written notice to the Responsible Entity at any time before the Capital Distribution is approved.

13.2.4. Limitation of liability

The liability of the Responsible Entity is limited to the extent it can be satisfied out of the assets of the REIT and for which it is actually indemnified for the liability. The other parties may not bring proceedings against the Responsible Entity in any capacity other than as responsible entity of the REIT.

The liability of the Responsible Entity is not limited in the above manner to the extent there is a reduction in the extent of its indemnification out of the assets of the REIT under the Constitution or, by operation of law, there is a reduction as a result of its fraud, wilful default, negligence or breach of trust.

13.3. Summary of the Compliance Plan

The Compliance Plan of the REIT describes the processes and procedures that the Responsible Entity will use to ensure compliance with its AFSL, the Constitution, the Corporations Act, and relevant industry and internal standards.

Under the Compliance Plan, the Responsible Entity must have, in addition to the Audit and Risk Committee, a compliance personnel who reviews compliance on an ongoing basis, reports on compliance matters to the Responsible Entity and acts on the recommendations of the Board.

13.4. Summary of the Investment Management Agreement

13.4.1. Management Services

Under the Investment Management Agreement, the Investment Manager has been delegated the day-to-day control over the REIT and its controlled entities (the **Group**) and the Group's portfolio of assets, subject to the supervision and control of the Responsible Entity and the terms of the agreement.

Services to be provided by the Investment Manager to the REIT and its controlled entities (the **Services**) include investment management services with respect to dealings in the Group's assets, management of the equity and debt financing of the Group, day-to-day management of the Group's secretarial, accounting, administrative and reporting, management of auditors, advisers and other consultants, Unitholder relations and meetings, management of all compliance and contractual requirements, including with respect to ASX listing obligations, preparation of an operating plan (including a budget) for the Group for each financial year, and other services agreed by the Investment Manager and the Responsible Entity. The Investment Manager is not required to provide any Services to the extent to that they would comprise services or activities that would require the Investment Manager to hold an Australian Financial Services Licence or that the Responsible Entity cannot delegate to the Investment Manager under law. The Property Manager will separately provide property management services to the Responsible Entity and the Group under the Property Management Agreement.

The Investment Manager must act in accordance with the requirements of the REIT's investment policy and any applicable legal and other requirements. The Responsible Entity may at any time overrule the Investment Manager to the extent that the Responsible Entity believes doing so is necessary or advisable to comply with any applicable requirement or in the best interests of the Unitholders. The Investment Manager must also seek the approval of the Responsible Entity before incurring any expenditure in excess of the lower of $200,000 and 10% of the expenditure which has been agreed by the Responsible Entity in an annual operating plan for the relevant financial year, and entering into any contract in the name of the Responsible Entity or any Group member to acquire or dispose of any asset for a consideration in excess of $5,000,000 (whereby both thresholds are increased annually by 5%).

13.4.2. Exclusivity

During the term of the Investment Management Agreement, the Responsible Entity must not appoint any other party to perform the Services except where it is necessary to comply with applicable law or regulation, the terms of the REIT's financing arrangements or other applicable requirements, or as otherwise permitted by the Investment Manager. The Investment Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the Investment Management Agreement.

13.4.3. Right of first offer

The Investment Manager has committed to first offer to the Responsible Entity any opportunity to acquire an investment in convenience real estate assets that the Investment Manager or its associates (including the Responsible Entity), or any of their officers, directors, or employees (acting in that capacity), identify and which falls within the REIT's investment strategy (subject to certain exceptions, including where the opportunity is subject to third party rights or the Investment Manager or the HomeCo Group would be in breach of any law or document to do so).

13.4.4. Term and termination

The Investment Management Agreement commences on Completion.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Investment Manager or the Responsible Entity by giving at least 12 months' notice prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement.

13.4.5. Manager's termination rights

The Investment Manager can terminate the Investment Management Agreement:

- at any time on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 90 days of written notice from the Investment Manager;
  - the Responsible Entity commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Investment Manager has provided notice to the Responsible Entity of each individual breach within 30 days of becoming aware of the relevant breach);
  - the Responsible Entity is insolvent (and is not replaced by another trustee within 60 days of becoming insolvent);
  - the REIT is insolvent; or
  - without prior written approval of the Investment Manager, there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Investment Manager becoming aware of the change of control).

In addition, the Investment Manager can terminate the agreement on 20 business days' notice where there is a variation to the investment policy of the REIT, and the Investment Manager considers the variation will have a material effect on the Investment Manager's obligations, liability or risk under the agreement.

Termination by the Investment Manager in these circumstances will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement.

13 Summary of important documents (continued)

13.4.6. Responsible Entity's termination rights

The Responsible Entity can terminate the Investment Management Agreement:

- on 60 days' notice to the Investment Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if:
  - a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity being replaced by a trustee who is not a member of the HomeCo Group, the winding up the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control); or
  - the Investment Manager ceases to be a member of the HomeCo Group (provided that notice of termination is provided within 90 days of the Responsible Entity becoming aware of the Investment Manager ceasing to be a HomeCo Group Member),
- and in these circumstances, a compensation amount equal to 24 months' management fees under the agreement will be payable to the Investment Manager; or
- immediately if:
  - there is a material default of the agreement by the Investment Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
  - the Investment Manager commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Investment Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Investment Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent,

and in these circumstances, no compensation amount will be payable to the Investment Manager.

13.4.7. Fees

The Investment Manager is entitled to receive a management fee of 0.65% per annum of the GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.

The Investment Manager is also entitled to:

- an acquisition fee of 1.00% of the purchase price of any assets directly or indirectly acquired by the REIT in proportion to the REIT's economic interest in the asset; and
- a disposal fee of 0.50% of the sale price of any assets directly or indirectly disposed of by the REIT in proportion to the REIT's economic interest in the asset.

13.4.8. Units in lieu of Management Fees

The Management Fees described in Section 13.4.7 may be paid to the Investment Manager in cash or Units or a combination (at the election of the Investment Manager). If the Investment Manager elects to receive Units, it may require some or all of the Units to be issued to a nominee of the Investment Manager. The issue of Units is subject to the requirements of the Corporations Act and the Listing Rules.

If the Investment Manager elects to receive Units with respect to some or all of a Management Fee amount (plus any GST payable in respect of that amount), the number of Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the volume weighted average price of the Units during the period of 5 trading days up to the end of the relevant month to which the Management Fee relates.

13.4.9. Costs and expenses

The Investment Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Investment Manager (whether on its own behalf or on behalf of the Responsible Entity, a Group Member, or the Custodian) other than its own overhead, administrative or salary expenses incurred in the ordinary conduct of its business or expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager or any officer, employee, delegate, agent or contractor of the Investment Manager. The Investment Manager must seek the approval of the Responsible Entity where expenditure would exceed the prescribed thresholds.

If the Investment Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the Responsible Entity (or Group Member or Custodian) that would not customarily be provided by the Investment Manager, the Responsible Entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the Responsible Entity.

13.4.10. Conflicts and use of associates

The Investment Manager must establish protocols for the prevention and management of conflicts.

The Investment Manager may, in connection with the Investment Management Agreement, invest in, deal with or engage the services of the Investment Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Responsible Entity.

13.4.11. Indemnities

The Investment Manager indemnifies the Responsible Entity, the Group and their respective employees, officers, delegates, agents and contractors on demand against any direct expenses reasonably incurred by the aforementioned indemnified parties that arise from the gross negligence, fraud, wilful misconduct or dishonesty of the Investment Manager.

The Responsible Entity indemnifies the Investment Manager and its associates on demand against any direct expenses reasonably incurred by the Investment Manager in connection with the provision of the Services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Manager.

13.5. Property Management Agreement

13.5.1. Property management services

The Responsible Entity has appointed the Property Manager to act as the property manager of the Group's properties under the Property Management Agreement.

The Property Manager has been delegated all powers necessary to carry out its obligations under the Property Management Agreement to manage each Group's properties, including each property in the Portfolio, by providing:

- property management services, which include day-to-day management, maintenance, strategic and operational decision making in connection with the properties, preparation of property business plans, budgets and reports, billing and collection of rental and other amounts and managing disbursements, conducting and processing rent review, management of leases and other property-related contracts and tenant and regulatory compliance, management of service, repair and maintenance works and tenant improvements, property marketing, leasing and tenant liaison and other services generally performed by a property manager whilst using commercially reasonable efforts to maximise revenues and minimise operating costs; and
- development management services, which include evaluation of the capital potential of properties, preparation of development proposals, management of building and works approvals, management capital expenditure, implementation and management of capital works, and other services generally performed by a development manager.

The Property Manager will provide the services subject to the supervision and control of the Responsible Entity and the terms of the agreement.

13.5.2. Exclusivity

During the term of the Property Management Agreement, the Responsible Entity must not appoint any other party to perform the services except where it is necessary to comply with applicable law or regulation or other applicable requirements or as otherwise permitted by the Property Manager if the Responsible Entity approves of the appointment.

The Property Manager may appoint other parties to assist with the delivery of all or part of the services under the agreement. In the event that delivery of all or part of the services under the agreement is outsourced, the REIT will not pay for this cost twice.

The Property Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the agreement.

13 Summary of important documents (continued)

13.5.3. Term and termination

The Property Management Agreement commences on Completion.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Property Manager or the Responsible Entity at least 12 months prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to expiry of the term.

The agreement will not automatically apply to a new property in which the REIT holds, directly or indirectly, less than a 50% interest. The agreement may also be terminated by the Property Manager or the Responsible Entity on the sale of an individual property or the securities in any entity which directly or indirectly owns a property. The agreement may also be terminated with respect to a property in circumstances where a property is destroyed, or a property is damaged so that the property is unfit or substantially unfit for the Property Manager to perform its obligations under the agreement.

13.5.4. Property Manager's termination rights

The Property Manager can terminate the Property Management Agreement:

- on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the Assets to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Property Manager;
  - the Responsible Entity commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Property Manager has provided notice to the Responsible Entity of each individual breach within 30 days of becoming aware of the relevant breach);
  - the Responsible Entity is insolvent (and is not replaced by another trustee within 30 days of becoming insolvent);
  - the REIT is insolvent; or
  - without prior written approval of the Property Manager, there is a change there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Property Manager becoming aware of the change of control).

Note that in the case of default or the insolvency of a Group entity, the Property Manager's termination right can be exercised in relation to the individual property in respect of which the default or insolvency has occurred or in respect of the whole agreement (at the election of the Property Manager).

Termination of the agreement by the Property Manager in these circumstances (other than where the Property Manager has terminated without cause by giving 90 days' notice) gives rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to termination.

13.5.5. Responsible Entity's termination rights

The Responsible Entity can terminate the Property Management Agreement:

- on 60 days' notice to the Property Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis;
- immediately if:
  - a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity, the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of the REIT commences (provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control),

and in these circumstances, a compensation amount equal to two times the fees paid under the agreement in the 12 months up to termination will be payable to the Property Manager; or

- immediately if:
  - there is a material default of the agreement by the Property Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
  - the Property Manager commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Property Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Property Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent.

In these circumstances, no compensation amount will be payable to the Property Manager.

13.5.6. Continuation of development management services

If the agreement is not renewed or terminated, the Property Manager will continue to perform and be paid for development management services in respect of any approved development works that are ongoing at the time of termination, until completion of those works (on the condition that the Property Manager will be required to enter into an agreement with the Responsible Entity in respect of those development works with the same rights and obligations as the Property Manager Agreement (subject to any amendments reasonably required by the Responsible Entity)).

13.5.7. Fees, costs and expenses

Fees

Unless the Property Manager has appointed other parties to assist with the delivery of all or part of its services, the Property Management fees payable to the Property Manager will be as follows:

- **Property Management Fee:** 3% of gross income for each property for each month;
- **New Tenant Lease Fee:** 15% of the Face Rent for the first year of a lease term where the tenant is new to the Property (excluding new leases entered into with existing tenants pursuant to renewals and options that relate solely to them continuing leasing their current tenancy in the Property);
- **Lease Renewal Fee:** 7.5% of the Face Rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the Property;
- **Lease Administration and Design Fees:** charge on a cost recovery basis, unless payable by the tenant; and
- **Development Management Fee:**
  - 5% of the total development costs in relation to the first $2.5 million of relevant project costs; and
  - 3% for all costs thereafter.

The Property Manager's fees will be benchmarked and independently reviewed against market fees at the five year anniversary from commencement of the Property Management Agreement in the initial term and on commencement of any successive term. If the Property Manager's fees are considered to be outside of market ranges, the parties will either agree to a revision to market based fees or refer the review of fees to expert determination (if they cannot agree).

Costs and expenses

The Property Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Property Manager other than expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Property Manager or any officer, employee, delegate, agent or contractor of the Property Manager. The Property Manager must seek the approval of the Responsible Entity where expenditure is not within budget and would exceed any relevant specified thresholds.

The Property Manager is also entitled to recover staff salary, salary on-costs, travel and office operating expenses associated with on-site management, operations, marketing and administration of any property and any off-site accounting, management, IT and operational costs directly related to any property.

13 Summary of important documents (continued)

The Property Manager is also entitled to recover the costs of advisers and consultants (including town planners, urban designers, architects, surveyors, engineers, traffic consultants, quantity surveyors, economic impact assessment, legal advisers, etc) to assist with the development services and activities, including evaluation of the development potential of properties, preparation of development proposals and approvals, and implementation and management of development works.

If the Property Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the Responsible Entity (or Group Member or Custodian) that would not customarily be provided by the Property Manager, the Responsible Entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the Responsible Entity.

13.5.8. Use of associates

The Property Manager may, in connection with the agreement, invest in, deal with or engage the services of the Property Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Responsible Entity.

13.5.9. Indemnities

The Property Manager indemnifies the Responsible Entity, the Group and their respective employees, officers, delegates, agents and contractors on demand against any expenses incurred by the Responsible Entity to the extent they arise out of:

- a breach of, or non-compliance with, the Property Management Agreement by, the Property Manager, employee or officer of the Property Manager (except any employees or officers who are acting in their capacities as employees or officers of the Responsible Entity or a Group Member) or any agent or delegate appointed by the Property Manager;
- the default, negligence, fraud, wilful misconduct or dishonesty of the Property Manager (except any employees or officers who are acting in their capacities as employees or officers of the Responsible Entity or a Group Member) or any agent or delegate appointed by the Property Manager; or
- insolvency of the project manager.

The indemnity provided by the Property Manager above does not apply to expenses caused by the Responsible Entity, Group Members, and their respective employees, officers, delegates, agents, and contractors due to:

- a breach of, or non-compliance with, the Property Management Agreement; or
- the negligence, fraud, wilful misconduct, or dishonesty of those same parties.

The Responsible Entity indemnifies the Property Manager and its associates against any direct expenses reasonably incurred by the Property Manager in connection with the provision of the services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Property Manager.

13.6. Summary of the Custody Deed

The Custody Deed was entered into between the Responsible Entity and Equity Trustees Limited (ACN 004 031 298) (**Custodian**). Under the Custody Deed, the Custodian will:

- provide custody for assets of the REIT;
- hold assets in its own name, but still for the REIT;
- act in accordance with the directions of the Responsible Entity;
- have in place disaster recovery and internal systems and controls;
- keep and maintain all appropriate records and reports as required;
- maintain adequate insurance covering professional indemnity and fraud; and
- not subcontract its responsibilities (without the written consent of the Responsible Entity).

The Custodian is authorised to provide custodial services.

The Custodian is entitled to be indemnified from the REIT for all actions taken, or omitted to be taken, in accordance with a proper instruction given by the Responsible Entity, except to the extent caused or contributed to by the Custodian failing to act in good faith or the material breach, negligence or fraud of the Custodian.

Either party may terminate the Custody Deed on 90 days' written notice to the other. In addition, either party may terminate the Custody Deed immediately in certain circumstances, including where the other party has materially breached the Custody Deed and has not remedied that beach within 10 Business Days.

The Custodian is entitled to an annual custody fee calculated by reference to the GAV of the REIT on the following basis:

- GAV up to $800 million: 0.03% of the GAV;
- GAV up to $1.2 billion: $24,000 plus 0.02% of the GAV in excess of $800 million; and
- GAV over $1.2 billion: $32,000 plus 0.01% of the GAV in excess of $1.2 billion.

The minimum annual fee payable to the Custodian is $24,000 plus GST (adjusted by CPI).

13.7. Summary of the Facility Agreement

13.7.1. Capital management strategy

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

13.7.2. Debt Facilities

HomeCo Daily Needs REIT will enter into senior secured syndicated debt facilities based on the long form term sheet attached to the signed commitment letters totaling $400 million, comprised of two tranches ("**Debt Facilities**"). The first tranche consists of a three/five year $220/250 million term loan facility to be used to fund general corporate purposes including expenses associated with establishment of HomeCo Daily Needs REIT, prepayment of part of certain existing debt facilities of HMC and property acquisitions. The second tranche consists of a three/five year $180/150 million revolving facility to be used to fund capital expenditure, acquisitions and general corporate purposes.

On Completion, it is expected that approximately $231 million of the Debt Facilities will be drawn, leaving approximately $169 million available to be drawn down in the future as part of HomeCo Daily Needs REIT'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 Daily Needs REIT (with certain permitted exclusions).

13.7.2.1. Documentary Framework for Debt Facilities

The Debt Facilities will be governed by a number of material contracts including:

- **Syndicated Facility Agreement:** a senior secured syndicated facilities agreement will govern the terms and conditions on which the lenders agree to provide the Debt Facilities to HomeCo Daily Needs REIT (**Syndicated Facility Agreement**). 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 the Responsible Entity and each Obligor Trustee (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 **Debt Facilities Security**):
  - first ranking registered real property mortgages over all of the freehold properties in the Portfolio (subject to third party consent where required);

13 Summary of important documents (continued)

- first ranking "all asset" general security deeds in respect of all present and future assets and undertakings of HomeCo Daily Needs REIT and the other Obligors, including:
  - security over all units in each Obligor Trust and other trust in which an Obligor holds an interest; and
  - security over all shares HomeCo Daily Needs REIT and any other company in which an Obligor holds an interest.

The terms of the Debt Facilities Security are considered customary for secured debt facilities of this nature.

- **Security Trust Deed:** a security trust deed which will govern how the Debt Facilities 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 (**Security Trust Deed**). The Security Trust Deed also documents the order in which secured creditors of HomeCo Daily Needs REIT (and the other Obligors) will be repaid, should the Debt Facilities 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 Debt Facilities Security.

  Goldman Sachs is amongst others, lenders to HomeCo pursuant to the existing debt facilities (which are to be prepaid from the proceeds of the Debt Facilities). In relation to the Debt Facilities, Goldman Sachs and Macquarie Bank Limited 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.

13.7.2.2. Key Terms of the 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 partial prepayment of HomeCo's existing senior 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 Daily Needs REIT.

Interest rate

The rate of interest charged on HomeCo Daily Needs REIT's borrowings under the Debt Facilities will comprise 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:

- grant of the Debt Facilities Security;
- the separation of HomeCo Daily Needs REIT from HomeCo, including:
  - settlement of the purchase by each Obligor of HomeCo Daily Needs REIT of the freehold sites and the Parafield leasehold site on or before the first utilisation date; and
  - confirmation that HomeCo Daily Needs REIT has been listed and quoted on the ASX or will be listed and quoted on the ASX in accordance with an agreed timeframe;
- providing constitutional and corporate approval documents to the lenders;
- legal opinions being issued to the lenders;
- delivery of independent valuation reports on the freehold real property which is going to be mortgaged;

- evidence that the insurances required under the Syndicated Facility Agreement have been taken out and are in full force and effect;
- copies of HomeCo Daily Needs REIT's group structure chart, board approved interest rate hedging policies, financial statements and funds flow statement and this PDS;
- 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; and
- provision of all title documents (including any real property certificates of title) relating to the secured property under the Debt Facilities Security together with withdrawals of caveats and security interests over the mortgaged real properties.

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 Debt Facilities 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;
- undertakings as to insurance;
- various undertakings in respect of certain material 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;
- 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; and
- various standard undertakings applicable to the Custodian with respect to the applicable Obligor Trust, including but not limited to, undertakings to perform obligations under the Custody Deed, undertaking not to resign as custodian, allow the appointment of an additional custodian or amend, revoke or not comply with the Custody Deed.

Covenants

- Interest Coverage Ratio greater than 2.0x; and
- Loan to value ratio no greater than 50%.

Representation 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 not being satisfied;
- an Obligor failing 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;

13 Summary of important documents (continued)

- repudiation or vitiation of any finance document in respect of the Debt Facilities or repudiation, termination or vitiation of certain material documents;
- other than a permitted capital reduction, an Obligor taking 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 ceasing to be the trustee of that trust or if the trust is wound up or the beneficiaries of the trust resolve to do so;
- an Obligor Trust failing to comply with specific obligations under a managed investment scheme to which it is a party;
- the Custodian that is custodian of an Obligor Trust ceasing to be custodian of that trust or an application or order for the removal of the Custodian being sought or if any step is taken to appoint a new or additional custodian to an Obligor Trust; or
- an event or series of events occurring 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: if the Units of Daily Needs REIT 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 Daily Needs REIT for the purpose of an imminent announcement of a major acquisition or merger acquisition; or
- Change of control: if any person other than HomeCo acquires (directly or indirectly) control of HomeCo Daily Needs REIT (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.

13.8. Acquisition Agreements (Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre)

13.8.1. Glenmore Park Town Centre, NSW

On 23 September 2020, Village Fair Glenmore Park Pty Limited as trustee of the Glenmore Park Unit Trust (as vendor) and HCL entered into a sale contract for the property for a total purchase price of $150,000,000 which is exempt from GST as it will be sold as a going concern. HCL has paid deposits totalling $7,500,000, with the balance of $142,500,000 (subject to normal settlement adjustments) to be paid on settlement which will take place on or before 30 November 2020. HCL has a right to extend the date for settlement to a date no later than 29 January 2021, by notice given no later than 23 November 2020.

The vendor provides a rent guarantee, capped at $1,500,000 based on a GST exclusive guarantee income of $10,467,903 for the 12 month period following Completion. The guarantee (paid monthly in arrears, with 12 month reconciliation) is based on actual income received and is also to be used towards incentives that the vendor and purchaser agree to be granted to secure new tenants during the 12 month period.

HCL will at least 7 days prior to completion, direct that title to the property be transferred on settlement to one of the named entities in the contract, being the Custodian or HomeCo DNR (Glenmore Park) Pty Ltd as trustee of the HomeCo DNR (Glenmore Park) Property Trust.

13.8.2. Gregory Hills Town Centre, NSW

On 25 September 2020, The Trustees of the Marist Brothers (as vendor), GH Town Centre Pty Limited (as head lessee) and HCL entered into a sale contract for the property for a total purchase price of $68,940,000 which is exempt from GST as it will be sold as a going concern. HCL has paid deposits totalling $3,447,000, with the balance of $65,493,000 (subject to normal settlement adjustments) to be paid on settlement which will take place on or before 30 November 2020.

HCL will no later than 12pm on 23 November 2020, direct that title to the property be transferred on settlement to one of the named entities in the contract, being the Custodian or HomeCo DNR (Gregory Hills TC) Pty Ltd as trustee of the HomeCo DNR (Gregory Hills TC) Property Trust. Separately, HCL will direct that the head lease interest held by GH Town Centre Pty Limited be transferred to either of EQT Australia Pty Limited or HomeCo DNR (Gregory Hills TC) LeaseCo Pty Ltd.

13.8.3. Coomera City Centre, QLD

On 14 October 2020, Lewani Springs Resort Pty Ltd as trustee for The Lewani Springs Resort Trust and HCL entered into put and call option with an agreed form of sale contract for the property for a total purchase price of $57,000,000 which is exempt from GST as it will be sold as a going concern. HCL has paid an option fee of $10.00 and a security deposit totalling $1,000,000, which will be applied towards the $2,850,000 deposit payable under the contract on exercise of the call or put option.

On entry into the contract, the balance of $54,150,000 (subject to normal settlement adjustments) is to be paid on settlement which will take place 7 days after exercise of the call or put option (but no earlier than 15 November 2020).

HCL will nominate either the Custodian or HomeCo DNR (Upper Coomera CC) Pty Ltd as trustee of the HomeCo DNR (Upper Coomera CC) Property Trust to exercise the call option and enter into the contract to acquire the property. The call option period expires on 4 December 2020 and the put option period expires on 11 December 2020.

13.9. Sale Contracts – Properties in Queensland (other than Coomera City Centre), Western Australia and Victoria

Each Property in Queensland, Western Australia and Victoria (other than Coomera City Centre) will be acquired by HomeCo Daily Needs REIT under a separate sale contract.

Each contract will be conditional upon the Capital Reduction Resolution being passed at the Meeting (other than in relation to Hawthorn East, which is subject to the additional condition summarised in section 13.11 below). Subject to relevant conditions being fulfilled, each contract of sale will be completed on or around 19 November 2020, the business day after the Meeting at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current registered owners of the relevant Property. HomeCo Daily Needs REIT will take title to each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. HomeCo Daily Needs REIT also indemnifies the vendor(s) of all actions, claims and liabilities relating to or arising from the ownership of the Property on and after completion of the contract. Any business name or domain name associated with the Property, as well as the HomeCo brand, will be transferred to, or licensed to, HomeCo Daily Needs REIT from completion. Legal title in each Property will be transferred to the Custodian on completion.

For Ellenbrook and Richlands properties, HomeCo Daily Needs REIT will acquire each property under a separate sale contract and, under the Property Management Agreement, the Property Manager will complete the development or re-development of the property.

13.10. Sale Contract – Properties in New South Wales (other than Glenmore Park Town Centre and Gregory Hills Town Centre)

Each Property in New South Wales (other than Glenmore Park and Gregory Hills Town Centre) will be acquired by HomeCo Daily Needs REIT under a separate sale contract, whereby the units in the sub-trust which holds the relevant Property will be transferred to HomeCo Daily Needs REIT.

Each contract will be conditional upon the Capital Reduction Resolution being passed at the Meeting. Subject to condition being fulfilled, each contract of sale will be completed on or around 19 November 2020, the business day after the Meeting at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current owners of the units in relevant sub-trust which owns the relevant Property. HomeCo Daily Needs REIT will take title to the units in the sub-trust holding each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. Any business name or domain name associated with the Property, as well as the HomeCo brand, will be transferred to, or licensed to, HomeCo Daily Needs REIT from completion. Legal title in the units in each sub-trust will be transferred to the Custodian on completion.

13 Summary of important documents (continued)

13.11. Related Party Arrangements

13.11.1. Hawthorn East, VIC

At the same time as completion of the sale contract for Hawthorn East between HomeCo (Hawthorn East) Pty Ltd as trustee for the HomeCo (Hawthorn East) Property Trust (as vendor) and the Custodian (as purchaser for HomeCo Daily Needs REIT) on or around 19 November 2020, the Custodian (as vendor) and HCDL (as purchaser) will enter into a separate conditional contract of sale under which HomeCo Daily Needs REIT agrees to sell a future subdivided portion of the Hawthorn East site back to HCDL, for a purchase price of $14,100,000 (exclusive of GST). The only condition precedent to completion of the contract will be completion of the subdivision of the Hawthorn East site, in accordance with a proposed plan of subdivision annexed to the contract. All costs of the subdivision and future development of the site will be borne by HCDL, however HomeCo Daily Needs REIT will be required to support and execute such documentation as may be required to give effect to the subdivision.

HCDL and the Custodian on behalf of HomeCo Daily Needs REIT will enter into a development deed prior to completion of the transfer of the new lot to HCDL, under which the future management and development of the site, including management of tenancy concerns and construction programs which are anticipated to take place over a 2 year period from commencement of construction, will be managed and coordinated. Following completion of the development, the legal owners for each of the HCDL and HomeCo Daily Needs REIT lots will enter into a longer term agreement dealing with ongoing operation of the two lots.

The transaction has been entered into on an arm's length commercial terms basis.

13.11.2. Parafield, SA

In connection with the acquisition of the leasehold titles of HomeCo Parafield, HCL was required to guarantee the obligations of the tenant under each of the 3 head leases comprising that site, for the life of those leases. In order for consent to be obtained for the transfer of the legal interest in the leasehold titles to the Custodian on behalf of HomeCo Daily Needs REIT, that guarantee will be required to remain in place. Following completion of that transfer which is anticipated to take place by 30 November 2020, HomeCo and the Responsible Entity intend to enter into negotiations with the Airport owner as the holder of the master headlease to the Airport, to obtain its consent for the Responsible Entity to assume the obligations of HCL under the guarantee.

The proposed contract of sale between HCL and the HomeCo Daily Needs REIT sets out an agreed framework to operate between the parties if the anticipated transfer date of 30 November 2020 does not take place, due to the procedural steps for consent from the Airport owner and head lessor, being delayed. In those circumstances, from 30 November 2020 until the earlier of the date that the transfer to HomeCo Daily Needs REIT completes or 29 November 2022, HCL will provide a monthly income guarantee to HomeCo Daily Needs REIT equivalent to $1,900,000 per annum, on a pro rata basis paid monthly in arrears. During any such period, any capital expenditure that HCL carries out for the repurposing or refurbishment of the Parafield site will, subject to the prior approval of HomeCo Daily Needs REIT, be reimbursed to HCL on completion of the transfer. In the event that completion has not occurred by 29 November 2022, the contract between HCL and HomeCo Daily Needs REIT will be rescinded, any payment or consideration paid or made towards the acquisition price by HomeCo Daily Needs REIT will be refunded or returned (in the manner agreed between the parties) and there will be no further claims or adjustments made.

Separately as part of the transfer of the Parafield head leases to HomeCo Daily Needs REIT, Home Investment Consortium Company Pty Ltd as trustee for the Home Investment Consortium Trust will provide a rental guarantee to HomeCo Daily Needs REIT in respect of 4 currently vacant premises on the site, guaranteeing a minimum monthly gross income from those 4 vacant sites. This guarantee will remain in place until the monthly income of Parafield from binding lease agreements exceeds $234,000, total payments under the rental guarantee reach $4.15 million or the current term of the Parafield head leases expires on 7 June 2031.

The transaction has been entered into on an arm's length commercial terms basis.

13.11.3. Related party leases

HomeCo Daily Needs REIT will, on Completion, lease (or imminently lease) a number of its premises to:

- Aurrum Childcare, which is controlled by David Di Pilla and Greg Hayes, Directors of the Responsible Entity and HomeCo;
- Anaconda and Spotlight, which are controlled by Zac Fried, a Director of HomeCo; 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 leases (or proposed) 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.

Details of leases (or agreements for lease) with Aurrum Childcare, with aggregate annual rent (excluding GST) of $0.72 million is provided below:

Location	Terms and renewal
HomeCo Mornington, 61 Mornington-Tyabb Road, Mornington VIC 3931	Initial term of 10 years commencing in March 2021, with 2 options to renew for 10 years each.
HomeCo Penrith 72-82 Mulgoa Road Penrith NSW 2750	Initial term of 10 years commencing in September 2021, with 2 options to renew for 10 years each.

Details of the lease with Spotlight Pty Ltd, with aggregate annual rent (excluding GST) of $0.64 million is provided below:

Location	Terms and renewal
HomeCo Butler, 1 Butler Blvd, Butler WA 6036	Initial term of 10 years commencing in April 2019, with 3 options to renew for 10 years each.
HomeCo Ellenbrook 151 The Promenade, Ellenbrook WA 6069	Initial terms of 10 years commencing October 2020 with 3 options to renew for 10 years each.

Details of leases with Anaconda Group Pty Ltd, with aggregate annual rent (excluding GST) of $1.53 million is provided below:

Location	Terms and renewal
HomeCo Tingalpa, Corner of Manly Road and New Cleveland Road, Tingalpa QLD 4173	Initial term of 10 years commencing in October 2017, with 3 options to renew for 10 years each.
HomeCo Butler, 1 Butler Blvd, Butler WA 6036	Initial term of 10 years commencing in August 2019, with 3 options to renew for 10 years each.
HomeCo Hawthorn East, 740-742 Toorak Road, Hawthorn East VIC 3123	Initial term of 10 years commencing in November 2018, with 3 options to renew for 10 years each.
HomeCo Joondalup, 11 Injune Way, Joondalup WA 6027	Initial term of 10 years commencing in November 2018, with 3 options to renew for 10 years each, plus additional space leased in August 2020 (270 sqm).

13 Summary of important documents (continued)

Details of leases with CW Leasing Services Pty Ltd, with aggregate annual rent (excluding GST) of $1.86 million is provided below:

Location	Terms and renewal
HomeCo Mornington, 61 Mornington-Tyabb Road, Mornington VIC 3931	Initial term of 5 years (not commenced), 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 October 2019, with 3 options to renew for 5 years each.
HomeCo Hawthorn East, 740-742 Toorak Road, Hawthorn East VIC 3123	Initial term of 4 years, 2 months, 21 days commencing in July 2020, with 3 options to renew for 5 years each.
HomeCo Braybrook, 340 Ballarat Road, Braybrook VIC 3019	Initial term of 5 years commencing in September 2018, with 3 options to renew for 5 years each.
HomeCo Joondalup, 11 Injune Way, Joondalup WA 6027	Initial term of 5 years commencing in September 2019, with 3 options to renew for 5 years each.
HomeCo Butler, 1 Butler Blvd, Butler WA 6036	Initial term of 5 years commencing in February 2020, with 3 options to renew for 5 years each.
HomeCo Ellenbrook 151 The Promenade, Ellenbrook WA 6069	Initial terms of 5 years (not commenced), with 3 options to renew for 5 years each.
HomeCo Richlands 144 Pine Road, Richlands QLD 4077	Initial term of 5 years (not commenced), with 3 options to renew for 5 years each.

13.11.4 Lease for office space at HomeCo Tingalpa

HomeCo has entered into a lease in November 2018 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 HomeCo 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.

13.12. Summary of the Voluntary Escrow Deed

129 million Securities held at Completion by HomeCo will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below.

HCL and HCDL have entered into a voluntary escrow deed in respect of their Escrowed Units, which prevents them from dealing in their Escrowed Units 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 Units or any legal, beneficial or economic interest in the Escrowed Units or to create or agree or offer to create any security interest in the Units. HCL and HCDL will still be able to vote on resolutions of Unitholders and receive distributions.

Following Completion, Escrowed Units held by HCL and HCL will be subject to escrow from Completion until 4.15pm on the first anniversary of Completion.

HCL and HCDL may be released early from these escrow obligations to enable:

- them to accept an offer under a bona fide takeover bid in respect of all or a proportion of the Units, provided that the holders of at least half of the Units 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 Units held by HCL and HCDL to be transferred or cancelled as part of a scheme of arrangement relating to HomeCo Daily Needs REIT; or
- HCL and HCDL to participate in an equal access unit buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act).

During the escrow period, HCL and HCDL may deal in any of their Escrowed Units 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 a takeover, if the offer is conditional, HCL and HCDL agrees in writing that the holding lock will be applied for each Escrowed Unit that is not bought by the bidder under the off market takeover bid; or
- in the case of a merger by scheme of arrangement, HCL and HCDL agrees in writing that the holding lock will be re-applied if the merger does not take effect.

13.13. Summary of the Underwriting Agreement in respect of the Offer

The Responsible Entity, in its capacity as responsible entity of the REIT, HomeCo, Goldman Sachs and Macquarie Capital have entered into an Underwriting Agreement dated 16 October 2020 in respect of the Offer (**Underwriting Agreement**). Under the Underwriting Agreement, Goldman Sachs and Macquarie Capital (**Underwriters**) have been appointed on an exclusive basis as bookrunners and underwriters of the Offer.

The Capital Distribution is not underwritten, and Goldman Sachs and Macquarie Capital have not acted as joint lead managers or underwriters of the Capital Distribution and therefore do not take any responsibility for managing or underwriting the Capital Distribution.

The key terms of the Underwriting Agreement are set out below.

13.13.1. Fees and expenses

Under the Underwriting Agreement, the Responsible Entity must pay the Underwriters a management fee of 0.5% of the total proceeds from the Offer (**Offer Proceeds**) (excluding any proceeds raised under the Priority Offer or one specified investor) and an institutional allocation fee of 2.0% of the total Offer Proceeds, other than proceeds that are allocated to the Morgans, Ord Minnett and Jarden and the co-lead managers, co-managers and brokers. In addition, an incentive fee of up to 0.50% of the Offer Proceeds may also be payable by the Responsible Entity to the Underwriters at the absolute discretion of the Responsible Entity (and in such proportions determined by the Responsible Entity).

Any co-lead managers, co-managers and Brokers may only be appointed in relation to the Offer by the Underwriters in agreement with the Responsible Entity. The Responsible Entity is responsible for any fees payable to any such co-lead managers, co-managers and Brokers.

The Responsible Entity must pay, or reimburse the Underwriters for reasonable costs and expenses incurred by the Underwriters in relation to the Offer.

13.13.2. Termination events

The Underwriters may terminate the Underwriting Agreement by notice to the Responsible Entity on the occurrence of certain termination events (subject to, in the case of some termination events only, satisfaction of specified materiality thresholds). These termination events include:

- a Sale Contract, the Implementation Deed or an Acquisition Agreement becomes void, is terminated or rescinded or is amended in a manner that is materially adverse to the Responsible Entity;
- a statement contained in the PDS is misleading or deceptive or a matter is required to be included is omitted from the PDS;
- the Responsible Entity lodges a supplementary product disclosure statement (other than in accordance with the Underwriting Agreement) or an Underwriter (acting reasonably) forms the view that a supplementary product disclosure statement must be lodged with ASIC under section 1016E 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 PDS, or certain other documents issued by the Responsible Entity in relation to the Offer;
- the Responsible Entity withdraws the PDS or the Offer, or HomeCo or the Responsible Entity withdraws the Proposal or indicates that they will not proceed with the Proposal;

13 Summary of important documents (continued)

- approval is refused or subsequently withdrawn to HomeCo Daily Needs REIT's admission to the official list of the ASX or the official quotation of all the Units 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 Underwriters);
- any Group member or HomeCo becomes insolvent, or there is an act or omission which is likely to result in a Group member becoming insolvent;
- a director or proposed director of the Responsible Entity is charged with an indictable offence, public action is taken against a director of the Responsible Entity or HomeCo, or the director or proposed director of the Responsible Entity or HomeCo is disqualified from managing a corporation under the Corporations Act;
- there is a disruption in financial markets in Australia, including an event which is reasonably likely to have material adverse effect on certain aspects of the Offer; and
- the Responsible Entity becomes unable to issue the new Units.

The Underwriting Agreement also contains a number of customary termination events (i.e. any representation and warranty by the Responsible Entity or HomeCo becomes untrue or incorrect, changes in key management (without the prior consent the Underwriters), and an occurrence which constitutes a material adverse change).

13.13.3. Undertakings

The undertakings given by the Responsible Entity relates to customary matters including, but not limited to, consultation with the Underwriters in respect of ASIC, ASX or the New Zealand Registrar of Financial Service Providers correspondence, notification or breach to the Underwriters and undertakings that the Responsible Entity 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 (having regarding to how the Properties have been managed historically) 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 PDS;
- 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 Units or other securities convertible into securities in the REIT or any other member of the Group (subject to certain exceptions), without the prior written consent of the Underwriters; and
- until 120 days after completion, not alter the capital structure of the REIT or amend the Constitution without the prior written consent of the Underwriters (such consent to not be unreasonably withheld or delayed), or as otherwise disclosed in this PDS.

13.13.4. Representations and warranties

Customary representations and warranties are given by the Responsible Entity in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals, and the status of the Responsible Entity. The Responsible Entity also gives a number of further representations and warranties, including that this PDS complies with the Corporations Act and the Listing Rules, and will not contain any misleading or deceptive statements or omissions. Representations and warranties are also given in relation to the assets, liabilities, financial position and business conduct of the REIT.

13.13.5. Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, wilful misconduct or fraud by the Underwriters (and certain affiliated parties), the Responsible Entity indemnifies each Underwriter (and certain affiliated parties) against all losses suffered directly or indirectly, or claims made against the Underwriters (or certain affiliated parties), in connection with the Offer, the Capital Distribution and this PDS or certain other documents issued in connection with the Offer and the Capital Distribution.

13.13.6. Guarantee and indemnity

HomeCo has unconditionally and irrevocably guaranteed to the Underwriters the due and punctual performance and observance by the Responsible Entity of its obligations under the Underwriting Agreement. This guarantee survives until the earlier of Completion or the Underwriting Agreement being terminated.

As a separate undertaking, HomeCo also indemnifies the Underwriters against all losses arising from a breach by the Responsible Entity of the Underwriting Agreement.

13.14. Summary of the Joint Lead Manager Mandate

Jarden, Ord Minnett and Morgans have each entered into a mandate letter dated 15 October 2020 in respect of the Offer (**Mandate**). Under the Mandate, each have been appointed as joint lead managers of the Offer.

13.14.1. Fees and expenses

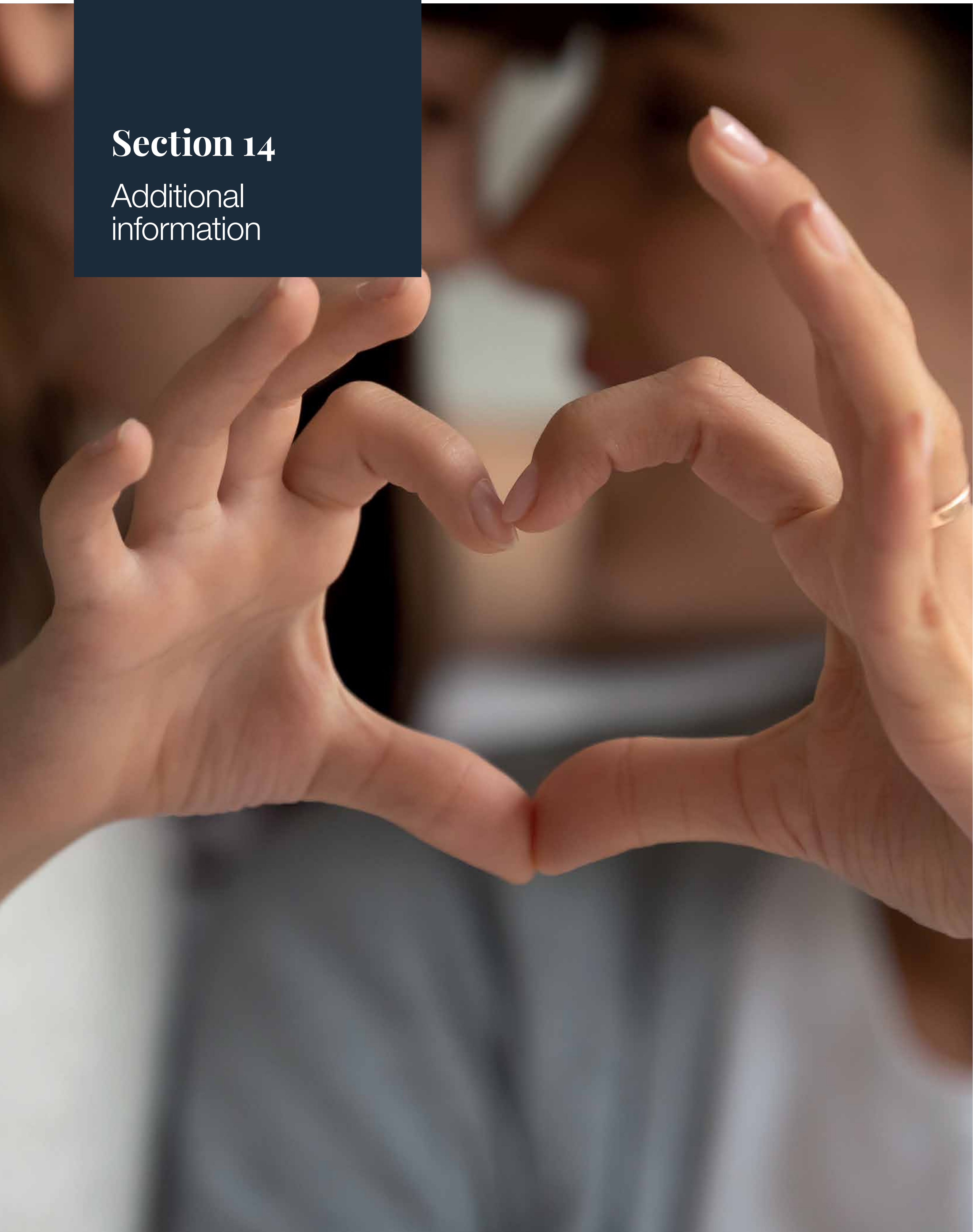
Under each Mandate, Jarden, Ord Minnett and Morgans will be paid a fee of 2.25% of the gross proceeds of the Offer allocated to them. Morgans will also receive a fee of 0.125% of the gross Offer proceeds.

13.14.2. 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 Responsible Entity indemnifies each Joint Lead Manager (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 this PDS or certain other documents issued in connection with the Offer.

Section 14

Additional information



14 Additional information

14.1. Rights and liabilities attaching to Units

The rights and liabilities attaching to Units are set out in the Constitution, which is summarised in section 13.1. A copy of the Constitution is available during the Offer Period to any person free of charge by contacting the Offer Information Line on +61 1800 754 866 (toll free within Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays).

14.2. Child entities

HomeCo Daily Needs REIT's structure involves separate wholly-owned sub-trusts for 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 Home Consortium Developments Limited.

The nature of the business of each of these sub-trusts is to act as asset level holdings trusts for properties in the Portfolio.

14.3. Intellectual property rights

In acquiring the Properties, HomeCo Daily Needs REIT will not acquire ownership rights or any entitlement to income or profit derived from utilisation of HomeCo's intellectual property (which includes rights associated with the "Home Co" brand and all intellectual property developed or licensed by HomeCo from time to time) or any right to prevent HomeCo utilising that intellectual property as it thinks fit. Rather, HomeCo Daily Needs REIT will be licensed to use the "Home Co" name in connection with the operation of HomeCo Daily Needs REIT, its controlled entities and their real estate assets.

14.4. Foreign selling restrictions

As at the date of this PDS, no action has been taken to register or qualify the Units or the Offer or to otherwise permit a public offering of the Units outside Australia or New Zealand.

The distribution of this PDS (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this PDS outside Australia or New Zealand, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This PDS does not constitute an Offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or invitation.

The Units may be offered in a jurisdiction outside Australia or New Zealand where such offer is made in accordance with the laws of that jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this Section 14.4 and to have represented and warranted that it is able to apply for and acquire the Units in compliance with those restrictions.

Hong Kong

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Units 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 Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Units that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

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

14 Additional information (continued)

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore (**MAS**) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The REIT is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Units are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Units may not be circulated or distributed, nor may the Units 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 to "institutional investors" (as defined in the SFA) or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The offering of the Units in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (**FinSA**) because such offering is made to professional clients within the meaning of the FinSA only, except to professional clients which qualify as such as a result of their election not to be treated as private clients, but as professional clients, and the Units will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus or similar communication pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on 1 January 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on 1 January 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the Units.

Neither this document nor any other offering or marketing material relating to the offering, the Responsible Entity or Units have 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 Units will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**) or any Licensed Review Body according to the FinSA. The offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (**CISA**) or under the FinSA. Accordingly, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Units.

14.5. Interests of Responsible Entity Directors

Except as set out in this PDS, no Director or proposed Director of the Responsible Entity holds, or held at any time during the last two years any interest in:

- the formation or promotion of the REIT; or
- property acquired or proposed to be acquired by the REIT in connection with either of their formation or promotion with the Offer;

and no person had paid or agreed to pay, or given or agreed to give, any benefit to a director or proposed director of the Responsible Entity:

- to induce them to become, or to qualify as, a director of the Responsible Entity; or
- for services provided by a Director or proposed Director of the Responsible Entity in connection with either the formation or promotion of the Fund or with the Offer.

14.6. Interests of experts and advisors

Other than as set out in this PDS, no person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS and no promoter of the REIT or Joint Lead Managers of the Offer or financial services licensee named in this PDS as a financial services licensee involved in the Offer, holds at the date of this PDS, or has held in the two years prior to that date, an interest in the formation or promotion of the REIT, any property acquired or proposed to be acquired by the REIT in connection with its formation or promotion or the Offer, nor has anyone paid or agreed to pay any amount, or given or agreed to give any benefit, to such persons for services provided in connection with the formation or promotion of the REIT or the Offer.

Baker & McKenzie is entitled to be paid approximately $850,000 (plus GST and disbursements) in fees and charges for legal services rendered to the REIT up to date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Bell Gully is entitled to be paid approximately NZ$20,000 (plus GST and disbursements) in fees and charges for legal services rendered to the REIT up to date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Greenwoods & Herbert Smith Freehills is entitled to be paid approximately $67,000 (plus GST and disbursements) in fees and charges for tax advice rendered to the REIT up to date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Ernst & Young is entitled to be paid approximately $250,000 (plus GST and disbursements) in fees and charges for financial due diligence services and remuneration advisory services up to the date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Ernst & Young Strategy and Transactions Limited is entitled to be paid $50,000 (plus GST and disbursements) in fees and charges for the preparation of the Independent Limited Assurance Report up to the date of this PDS in connection with the Offer and $150,000 (plus GST and disbursements) in fees and charges for debt advisory services up to the date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Goldman Sachs and Macquarie Capital have acted as Underwriters and Joint Lead Managers for the Offer and are entitled to receive the fees and commissions described in section 13.13. In addition, the Underwriters are also acting as financial advisors in connection with the Capital Distribution and will each be paid by HomeCo a fee of $1.5 million, and one or more of the Joint Lead Managers are acting as debt financiers, including in connection with the Debt Facility, and/or derivative counterparties with respect to hedging arrangements.

Morgans, Ord Minnett and Jarden have acted as Joint Lead Managers for the Offer and are entitled to receive the fees and commissions described in Section 13.14.

Each of Baillieu, Bell Potter, Escala and CommSec has acted as Co-Managers to the Offer and will receive from the Responsible Entity a fee of 0.75% of the amount allocated to them under the Broker Firm Offer.

These amounts, and other expenses of the Offer, will be paid by the REIT 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 2 and 8.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the Units (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those Units. 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 Units to provide the Economic Interest, or otherwise acquire Units 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 Units in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such Units.

These transactions may, together with other Units 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 or interests associated with such persons, out of which conflicting interests or duties may arise.

14 Additional information (continued)

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, members of the Board or other persons that may be involved in the Offer.

14.7. Consents

The persons listed in the table below have given and have not, before the lodgement of this PDS with ASIC, withdrawn their written consent to:

(a) be named in this PDS in the form and context in which they are named;

(b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and

(c) the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Goldman Sachs Australia Pty Ltd	Joint Lead Manager and Underwriter of the Offer	Not applicable
Macquarie Capital (Australia) Limited	Joint Lead Manager and Underwriter of the Offer	Not applicable
Morgans Financial Limited	Joint Lead Manager of the Offer	Not applicable
Ord Minnett Limited	Joint Lead Manager of the Offer	Not applicable
Jarden Australia Pty Limited	Joint Lead Manager of the Offer	Not applicable
E.L & C. Baillieu Limited	Co-Manager of the Offer	Not applicable
Bell Potter Securities Limited	Co-Manager of the Offer	Not applicable
Escala Partners Pty Limited	Co-Manager of the Offer	Not applicable
Commonwealth Securities Limited	Co-Manager of the Offer	Not applicable
Baker & McKenzie	Australian Legal Adviser	Not applicable
Bell Gully	New Zealand Legal Adviser	Not applicable
Greenwoods & Herbert Smith Freehills Pty Limited	Tax Adviser	Taxation implications in Section 11
Ernst & Young	Provider of financial due diligence services and remuneration advisory services in connection with the Offer	Not applicable
Ernst & Young Strategy and Transactions Limited	Investigating Accountant Provider of debt advisory services	Independent Limited Assurance Report in Section 9 Not applicable
Link Market Services Limited	Registry	Not applicable
Jones Lang LaSalle Advisory Pty Ltd	Valuer	Valuation Report on Section 10
Savills Valuations Pty Ltd	Valuer	Valuation Report on Section 10
CIVAS (Vic) Pty Ltd	Valuer	Valuation Report on Section 10
Real Investment Analytics	Strategic Investment Analysts	Sector Charts in Section 2.3.2.
Equity Trustees Limited	Custodian	Not applicable
PricewaterhouseCoopers (PwC)	Auditor	Not applicable

Each Director and each director of HomeCo has given and has not, before lodgement of this PDS with ASIC, withdrawn his or her consent to be named in this PDS as a director in the form and context in which they are named and for the statements made by and on behalf of him or her to be included in this PDS.

None of the persons referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than any statement or report included in this PDS with the consent of that person as specified above.

Each of the persons referred to above:

(a) has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above.

14.8. ASX Waivers and confirmations

In order to conduct the Offer, the REIT has sought certain in principle waivers and confirmations to the Listing Rules by ASX. ASX has confirmed its willingness to grant the REIT:

- confirmation that the structure of the REIT is appropriate for a listed entity for the purposes of Listing Rule 1.1 (condition 1);
- waiver from Listing Rule 1.1 (condition 18) from the requirement for the REIT to have a remuneration committee;
- confirmation that REIT is not required to provide accounts for the last two financial years under Listing Rule 1.3.5(a);
- confirmation that the reviewed financial statements provided in this PDS are sufficient for the purposes of Listing Rule 1.3.5(d);
- confirmation under Listing Rule 2.1 (condition 1) that the terms of the Units are acceptable;
- waiver from Listing Rule 7.1 to permit the issue of Units on the condition the Proposal is approved by HomeCo Securityholders;
- confirmation under Listing Rule 7.40 that the proposed timetable is acceptable to ASX;
- confirmation that the REIT will not, at the time of its admission to the Official List, have any restricted securities on issue;
- a waiver of Listing Rule 6.24, clause 1 of Appendix 6A to the extent necessary so that the REIT does not need to advise ASX of the rate of distribution on the date the record date is announced on the condition that an estimated distributed rate is advised to ASX on that date and the actual rate is advised to ASX as soon as it becomes known;
- a waiver of Listing Rules 7.1 and 10.11 to allow the issue of Units to the Responsible Entity or a Manager to satisfy payment of a management fee under the Constitution and a Management Agreement;
- a waiver of Listing Rule 10.1 to allow Responsible Entity to enter into and extend leases with certain named related parties which constitute a substantial asset, subject to certain conditions;
- waiver from Listing Rule 10.1 to permit the asset transfers entered into as part of the Proposal without approval from HomeCo Securityholders for the purposes of Listing Rule 10.1;
- confirmation that approval from HomeCo Securityholders is not required for Listing Rule 11.1; and
- waiver from Listing Rule 10.11 to permit the issue of the Units under the Offer to the Directors and other related parties.

14.9. ASIC Relief

The REIT has sought from ASIC, and been granted in principle, a modification of section 1015C(1)(a) of the Corporations Act to permit HCL and HCDL to take the address shown in the register of members (or such other nominated means of communication) as being the address nominated by a HomeCo Securityholder in relation to the receipt of the PDS (in so far as it relates to the Capital Distribution).

14 Additional information (continued)

14.10. Legal proceedings

Neither the Responsible Entity nor the REIT is a party to any current litigation material to the financial standing of the Responsible Entity or the REIT and the Directors have no such knowledge of any such potential litigation.

14.11. Environment, ethical and social considerations

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments for HomeCo Daily Needs REIT. Environment factors are addressed as part of customary property due diligence enquiries.

14.12. Exercise of pricing discretions

The Responsible Entity has elected that ASIC Class Order CO 13/655 will apply to pricing of Units in the REIT. The Offer Price has been calculated in accordance with the Constitution of the REIT as a fixed price equal to the Offer Price in the PDS. Details of any discretion which will be applied to the pricing of Units following listing is detailed in the REIT's Unit Pricing Policy which will be accessible on the REIT's website www.home-co.com.au free of charge.

14.13. Anti-Money Laundering/Counter-Terrorism Financing Act 2006

The Responsible Entity may be required to collect certain customer identification information and verify that information in compliance with the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) (the **AML/CTF Act**) and AML/CTF Rules before it can issue Units to Applicants.

Customer identification information may include detailed know your customer (KYC) information in relation to the Applicant such as, for an individual Applicant, name, address, and date of birth and for an Applicant that is a business entity, details of directors and beneficial owners, and where the Applicant is a trustee, details of the trust and beneficiaries. The Responsible Entity may require further KYC information such as information concerning business activities, structure and source of funds of Applicants and from time to time may require an Applicant to provide updated or additional information.

The Responsible Entity may refuse to accept an application or decline to issue Units to an Applicant until it has satisfactorily concluded a customer identification procedure in relation to the Applicant.

The Responsible Entity may delay or refuse any request or transaction, including by suspending the issue or redemption of Units if the Responsible Entity is concerned that the request or transaction may cause the Responsible Entity to contravene the AML/CTF Act. The Responsible Entity will incur no liability to the Applicant if it does so.

14.14. Governing law

This PDS and the contracts that arise from the acceptance of Applications and bids under this PDS are governed by the law applicable in New South Wales and each Applicant under this PDS submits to the exclusive jurisdiction of the courts of New South Wales.

14.15. Statement of Directors

Each Director of the Responsible Entity, HCL and HCDL as at the date of this PDS has consented to the lodgement of this PDS with ASIC.

14.16. Access to Information

The Responsible Entity will provide regular communication to Unitholders, including publication of:

- the REIT's half yearly reports which provides an update on the investments held, operation of the REIT and performance for the period;
- the REIT's annual report including audited financial statements for each financial year ending 30 June;
- quarterly distribution statements; and
- any continuous disclosure notices given by the REIT.

This information will be accessible on the REIT website www.home-co.com.au.

The Responsible Entity, as a disclosing entity, will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the REIT may be obtained from, or inspected at, an ASIC office (or may be available through the REIT's website), and will also be lodged with ASX as required, and available through the ASX website.

You also have the right to obtain a copy of each annual report, half yearly report and any continuous disclosure notice from the REIT free of charge.

As at the date of this PDS, the REIT has not lodged with ASIC any annual report or half year report and has not given any continuous disclosure notices to ASX.

14.17. Copies of documents

The following documents are available for inspection at the offices of the Responsible Entity between 9.00 am and 5.00 pm (AEST) on Business Days in Sydney NSW. Alternatively, a copy of the following documents may be requested (to be provided free of charge) by contacting the Responsible Entity on +61 1300 466 326:

- the Constitution;
- Compliance Plan; and
- the REIT's policy regarding the exercise of discretions under the Constitution which affect Unit price calculations, valuation policy, and other matters.

14.18. Complaints

If you have a complaint about the REIT or the Responsible Entity in connection with your investment in the REIT you can write to the Company Secretary at:

HMC Funds Management Limited
19 Bay Street
Double Bay NSW 2028
Australia

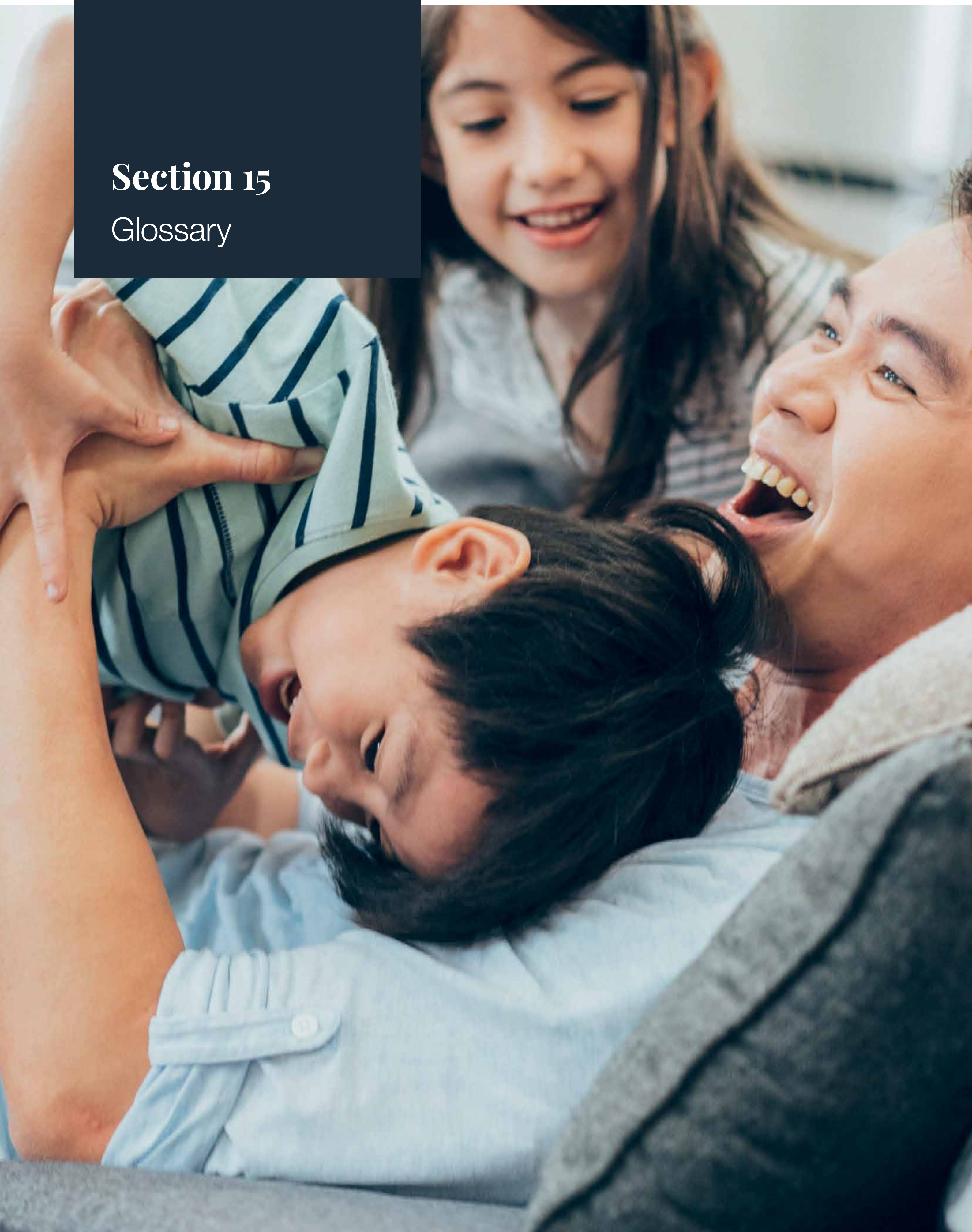
The Compliance Officer will acknowledge your complaint, investigate it and report back to you as soon as practicable, and in any event, within 45 days.

If you are dissatisfied with the response or the complaint is not resolved within 45 days, you may raise the matter directly with the Australian Financial Complaints Authority (**AFCA**). The AFCA's contact details are:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Email: info@afca.org.au

If you are after investment advice you should contact your financial adviser.

Section 15
Glossary



15 Glossary

AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
Acquisition Agreements	The acquisition agreements related to the Acquisitions as detailed in Section 13.8.
Acquisitions	The acquisition of Glenmore Park Town Centre, Gregory Hills Town Centre and Coomera City Centre under the Acquisition Agreements.
AFSL	Australian Financial Services Licence.
Agreement for Lease	A binding agreement to lease space in a HomeCo centre.
Allotment	The allotment of Units following acceptance of an Application.
Allotment Date	The date on which Allotment occurs, expected to be 26 November 2020.
Applicant	A person who submits an Application.
Application	An application to subscribe for Units offered under this PDS pursuant to the Offer.
Application Form	The application form attached to or accompanying this PDS (including the electronic form provided by an online application facility) relating to participation in the Offer.
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.
Attribution Managed Investment Trust	A managed investment trust that applies the attribution rules in Division 276 of the *Income Tax Assessment Act 1936*.
Audit and Risk Committee	The committee established by the Board to assist it in carrying out its accounting, auditing and financial reporting responsibilities, as set out in Section 5.7.4.
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 the Responsible Entity.

15 Glossary (continued)

Basis Points or BPS	One Basis Point is equal to 1/100th of 1%, or 0.01%.
Broker	An ASX participating organisation selected by the Responsible Entity to act as a broker to the Offer (including in the case of the Broker Firm Offer to New Zealand resident retail clients, a New Zealand affiliate of ASX participating organisation).
Broker Firm Applicant	An Australian or New Zealand resident retail client of a Broker who is offered a firm allocation of Units under the Broker Firm Offer.
Broker Firm Offer	The offer of Units under this PDS to Australian and New Zealand resident retail 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, as described in Section 8.
Broker Firm Offer Application Form	The Application Form made available with a copy of this PDS, identified as the Broker Firm Offer Application Form.
Business Day	A day on which ASX is open for trading in securities and banks are open for general business in Sydney, NSW.
Capital Distribution	The distribution of Units in specie to holders of HomeCo Securities on the Capital Distribution Record Date by HomeCo as described in this PDS.
Capital Distribution Date	The date that Units are distributed to HomeCo Securityholders under the Capital Distribution, being 26 November 2020.
Capital Distribution Record Date	The date for determining entitlement to Units by HomeCo Securityholders under the Capital Distribution, being 7.00pm (Sydney time) on 24 November 2020.
Capital Reduction Resolution	The resolution in connection with the Proposal to be considered by HomeCo Securityholders at the Meeting.
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.
CBA	Commonwealth Bank of Australia (ACN 123 123 124).
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 16 November 2020 in respect of the Offer.
CommSec	Commonwealth Securities Limited (ABN 60 067 254 399 and AFSL 238814).
Conditions	Capital Distribution and settlement of the Offer.
Co-managers	Bailleu, Bell Potter, Escala and CommSec.
Completion	Completion of the Offer, being the transfer of Units under the Capital Distribution, and the allotment and issue of Units by the Responsible Entity, have occurred.
Completion Date	The date on which Completion is expected to occur, being 26 November 2020.

Constitution	The constitution of the REIT.
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.
Debt Facility	The borrowing of money by, and other financial accommodation provided to, the REIT, as detailed in Section 13.7.
Development Portfolio	The 2 HomeCo centres to be redeveloped as described in Section 3.
Director	A member of Responsible Entity's board.
Distributions	The amount payable to Unitholders at the discretion of the Directors in accordance with the Constitution.
Distribution Yield	The rate of return derived by dividing the Distribution per Unit by the Offer Price.
Dollar or **$**	Australian dollars.
Economic Interest	Person's right to share in the income, gains, losses, deductions, credits, or similar items of the Company, and to receive Distributions from the Company, but excluding any other rights of a Member, including the right to vote or to participate in management, or, except as may be provided in the Act, any right to information concerning the business and affairs of the Company.
Eligible U.S. Fund Manager	A dealer or other professional fiduciary organised or incorporated 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.
Escala	Escala Partners Pty Limited (ACN 155 884 236).
Escrowed Units	The 128,613,273 million Units the subject of voluntary escrow pursuant to the Voluntary Escrow Deed.
Explanatory Memorandum	The notice of meeting and explanatory memorandum dated 19 October 2020 prepared by HomeCo and provided to HomeCo Securityholders in connection with the Capital Distribution.
Exposure Period	The seven day period after the PDS Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Responsible Entity.
Face Rent	The yearly amount of the gross base face rent, percentage or turnover rent, contributions towards or reimbursement of recoverable operating expenses and any other amounts payable under a lease by a tenant, excluding any incentives and GST.
FFO	Funds from operations.
Financial Information	The financial information described in Section 6.
Financial Year	The 12 months ending 30 June.

15 Glossary (continued)

Forecast Financial Information	Has the meaning given in Section 6.1.
GAV	The consolidated gross asset value of the Group calculated in accordance with the Constitution, and with the effects of all transactions between the Group members being eliminated in full.
GDP	Gross Domestic Product.
Gearing	Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents.
GLA	Gross lettable area.
Goldman Sachs	Goldman Sachs Australia Pty Ltd (ACN 006 797 897).
Group	The Responsible Entity, HomeCo Daily Needs REIT and its controlled entities.
GST	Goods and Services Tax.
HCL	Home Consortium Limited (ACN 138 990 593).
HCDL	Home Consortium Developments Limited (ACN 635 859 700).
Health & Services	Properties devoted predominately to healthcare and wellness & lifestyle services tenants.
HIN	Holder Identification Number.
HomeCo or **HMC**	The stapled entity consisting of HCL and HCDL.
HomeCo Daily Needs REIT	HomeCo Daily Needs REIT (ARSN 645 086 620).
HomeCo Group	HomeCo and its controlled entities.
HomeCo Securityholder	A holder of a HomeCo Security.
HomeCo Security	A stapled share in HomeCo, comprising one ordinary share in HCL and one ordinary share in HCDL.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
Implementation Deed	The Implementation Deed described in Section 13.2.
Independent Limited Assurance Report or **ILAR**	The Independent Limited Assurance Report as set out in Section 9.
Institutional Offer	The invitation to Institutional Investors under this PDS to acquire Units as detailed in Section 8.9.

Institutional Investor	Investors who are: • persons who are wholesale clients under section 761G of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by the Responsible Entity and the Joint Lead Managers, to whom offers of Units may lawfully be made without the need for a lodged or registered PDS or other form of disclosure document or filing with, or approved by, any government agency (except one with which the Responsible Entity is willing in its 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.
Investigating Accountant	Ernst & Young Strategy and Transactions Limited (ACN 003 599 844).
Investment Management Agreement	The Investment Management Agreement between the Responsible Entity and the Investment Manager in respect of the REIT, as described in Section 12.5.1.
Investment Manager	HomeCo DNR Investment Management Pty Ltd (ACN 644 510 583).
Issuers	Means the issuers of this PDS, being the Responsible Entity (with respect to the use of the PDS for the Offer) and HomeCo (with respect to the use of the PDS for the Capital Distribution).
Jarden	Jarden Australia Pty Limited (ACN 608 611 687).
Joint Lead Managers or **JLMs**	Goldman Sachs, Macquarie Capital, Morgans, Ord Minnett and Jarden.
Large Format Retail or **LFR**	Comprises multi-tenanted centres which includes (but is not limited to) homewares & electrical, hardware, furniture, bedding and other bulky goods tenants.
LGA population	Local Government Area population (Australian Bureau of Statistics, 2018).
Listing Rules	The listing rules of ASX.
Macquarie Capital	Macquarie Capital (Australia) Limited (ACN 123 199 548).
Management Agreements	Comprises the Investment Management Agreement and the Property Management Agreement as described in Sections 12.5.1 and 12.5.2 respectively.
Managers	The Investment Manager and the Property Manager.
Meeting	The annual general meeting of HomeCo Securityholders for the purpose of considering, among other things, the Capital Reduction Resolution.
Model Portfolio	Has the meaning as described in Section 2.3.2.
Morgans	Morgans Financial Limited (ACN 010 669 726).
MoU	Memorandum of Understanding.
Mutual Recognition Regime	The mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Market Conduct Regulations 2014 of New Zealand.

15 Glossary (continued)

NAB	National Australia Bank Limited (ACN 004 044 937).
NAV	The consolidated net asset value of the Group calculated in accordance with the Constitution, and with the effects of all transactions between the Group members being eliminated in full.
NEDEP	Non-Executive Director Equity Plan, as described in Section 5.4.
Neighbourhood Retail	Retail centres with a supermarket anchor and other retail convenience stores that service daily needs.
NOI	Net operating income.
NPV	Net Present Value.
NSW	New South Wales.
NTA	Net tangible assets.
Offer	The offer of Units under this PDS.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	$1.33 per Unit.
Official List	The official list of entities that ASX has admitted to and not removed from listing.
Opening Date	The date the Retail Offer opens, being 27 October 2020.
Operating Portfolio	The 15 operating HomeCo retail and services centres.
Ord Minnett	Ord Minnett Limited (ACN 002 733 048).
Participant Contribution	Has the meaning given in Section 5.4.1.
PDS	This document (including the electronic form of this PDS) and any supplementary or replacement PDS in relation to this document.
PDS Date	The date on which a copy of this PDS is lodged with ASIC, being 16 October 2020.
Portfolio	The Operating Portfolio and Development Portfolio.
Priority Offer	The offer of Units under this PDS which is open to selected investors in eligible jurisdictions, who have received a Priority Offer invitation to acquire Units under this PDS.
Pro Forma forecast FFO	Has the meaning given in Section 6.2.1.
Pro Forma Forecast Financial Information	The financial information described as Pro Forma Forecast Financial Information in Section 6.2.2.
Pro Forma Statement of Financial Position	The Pro Forma Statement of Financial Position set out in Section 6.4 of this PDS.
Property	An individual centre included in the Portfolio.

Property Manager	HomeCo DNR Property Management Pty Ltd (ACN 644 510 707).
Property Management Agreement	The Property Management Agreement between the Responsible Entity and the Property Manager in respect of the REIT, as described in Section 12.5.2.
Proposal	The proposal to establish HomeCo Daily Needs REIT as a separately listed entity through the Capital Distribution, Offer and various other key steps described in this PDS.
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.
REIT	HomeCo Daily Needs REIT (ARSN 645 086 620).
Responsible Entity	HMC Funds Management Limited (ACN 105 078 635) (AFSL 237257) as responsible entity of the REIT.
Retail Offer	The Broker Firm Offer and Priority Offer.
Sale Contracts	The sale contracts relating to the acquisition of the Properties, as described in Sections 13.9 and 13.10.
SA	South Australia.
Section	A section of this PDS.
sqm	Square metres.
SRN	Securityholder Reference Number.
Statutory Forecast FFO	The statutory forecast consolidated funds from operations for the period from the Completion Date to 30 June 2021.
Statutory Forecast Financial Information	The financial information described as Statutory Forecast Financial Information in Section 6.
Sydney Time	The official time in Sydney, Australia.
Tax Act	The *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*, as applicable.
Underwriters	Goldman Sachs and Macquarie Capital.
Underwriting Agreement	The Underwriting Agreement between the Responsible Entity, HomeCo, Macquarie Capital and Goldman Sachs, as described in Section 13.13.
Unit	A fully paid ordinary unit in the REIT.
Unitholder	A holder of Units.
US Exchange Act	The US Exchange Act of 1934, as amended.

15 Glossary (continued)

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).
Voluntary Escrow Deed	Voluntary escrow deed between the Responsible Entity, HCDL and HCL, as described in Section 13.12.

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

HMC Funds Management Limited
ACN 105 078 635
19 Bay Street
Double Bay NSW 2028

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

New Zealand Legal Advisor
Bell Gully
Level 21 Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

Taxation Advisor
Greenwoods & Herbert Smith Freehills Pty Limited
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Investigating Accountant
Ernst & Young Strategy and Transactions Limited
The EY Centre
Level 34, 200 George Street
Sydney NSW 2000

Auditor
PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Custodian
Equity Trustees Limited
Level 1, 575 Bourke Street
Melbourne VIC 3000

Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Offer Information Line
+61 1800 754 866 (toll free within Australia)

HomeCo Website
https://www.home-co.com.au/

Joint Lead Managers and Underwriters
Goldman Sachs Australia Pty Ltd
Governor Phillip Tower
Level 46, 1 Farrer Place
Sydney NSW 2000

Macquarie Capital (Australia) Limited
Level 4, 50 Martin Place
Sydney NSW 2000

Joint Lead Managers
Morgans Financial Limited
Level 29, 123 Eagle Street
Brisbane QLD 4000

Ord Minnett Limited
Level 8, NAB House
255 George Street
Sydney NSW 2000

Jarden Australia Pty Limited
Suite 401/45 Lime Street
Sydney NSW 2000

Co-Managers
Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Commonwealth Securities Limited
Tower 1, 201 Sussex Street
Sydney NSW 2000

E.L. & C. Baillieu Limited
Level 40, 259 George Street
Sydney NSW 2000

Escala Partners
Level 25, 1 Farrer Place,
Sydney NSW 2000

Jarden Australia Pty Limited
Suite 401/45 Lime Street
Sydney NSW 2000

Home Co.

Daily Needs REIT

Home Co.

Daily Needs REIT

Home Consortium

Home Consortium Limited
ACN 138 990 593

Home Consortium Developments Limited
ACN 635 859 700

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Home Consortium
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of Home Consortium and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am on Wednesday, 18 November 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at **https://agmlive.link/HMC2022** (refer to details in the Virtual Meeting Online Guide).

Important for Resolutions 1, 3, 4, 5 & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3, 4, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.
Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

Resolutions	For	Against	Abstain*
1 Remuneration Report			
2 Election of Director – Kelly O'Dwyer			
3 Directors Remuneration			
4 Approval of Employee Equity Plan			
5 Approval of Non-Executive Director Equity Plan and issue of Rights			
6 Issue Performance Rights to David Di Pilla			
7 Approval for Woolworths Group to acquire a relevant interest arising under the Proposal A SSD			
8 Approval of Capital Reduction			

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10.30am on Monday, 16 November 2020,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **www.linkmarketservices.com.au** into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

Home Consortium
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)