



Managed by  
HMC Funds Management Limited  
(ACN 105 078 635; AFSL 237257)  
as responsible entity of the  
HomeCo Daily Needs REIT (ARSN 645 086 620)

## ASX RELEASE

23 November 2020

### HOME CO DAILY NEEDS REIT - PRE-QUOTATION DISCLOSURE

The following information is required to be provided to ASX Limited (**ASX**) for release to the market in connection with the admission of HomeCo Daily Needs REIT (ARSN 645 086 620) (**HDN**) to the official list of ASX and the quotation of ordinary units in HDN (**Units**).

Capitalised terms which have not been otherwise defined in this document have the meaning given to them in the product disclosure statement lodged by HMC Funds Management Limited (ACN 105 078 635, AFSL 237 257) as responsible entity of HDN (**Responsible Entity**), amongst others, with the Australian Securities and Investments Commission on 16 October 2020 (**PDS**).

#### 1. Basis of allocation and procedures for determining allocations

The basis for allocation of Units under the Offer and the procedures by which Applicants can determine their precise allocations is set out below:

- (a) **Institutional Offer:** Allocations to Institutional Investors were determined by the Joint Lead Managers and the Responsible Entity prior to the lodgement of the PDS with ASIC. Successful applicants under the Institutional Offer have been advised of their allocations.
- (b) **Broker Firm Offer:** The allocation of Units to Brokers was determined by the Joint Lead Managers and the Responsible Entity. It was a matter for the Brokers as to how they allocated Units amongst their eligible clients, subject to Applications being for a minimum of \$2,000 worth of Units in aggregate and in multiples of \$500 worth of Units thereafter. Applicants under the Broker Firm Offer can confirm their allocation of Units by telephoning their Broker.
- (c) **Priority Offer:** The allocation of Units under the Priority Offer was determined by the Responsible Entity, in consultation with the Joint Lead Managers. Applicants under the Priority Offer received a personalised invitation to apply for Units. Applications under the Priority Offer were for a minimum of \$2,000 worth of Units in aggregate and in multiples of \$500 worth of Units thereafter. Applicants under the Priority Offer have been advised of their allocations.

Applicants can also telephone the Offer Information Line on 1800 754 866 (within Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

*It is the responsibility of each person who trades in Units to confirm their holding before trading in Units. 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 a Broker).*

## 2. Conditions for the conditional market

Units are expected to commence trading on ASX today, 23 November 2020 at 12.30pm (Sydney time) on a conditional and deferred settlement basis under the code "HDN".

The conditions to the conditional market are:

- (a) implementation of the Capital Distribution on the Capital Distribution Date; and
- (b) allotment of the Units on the Completion Date.

Conditional and deferred trading will continue until the Responsible Entity has advised ASX that the above conditions have been satisfied, which is expected to be on or around Thursday, 26 November 2020. Initial holding statements are expected to be dispatched on Thursday, 26 November 2020, with trading on a normal settlement basis expected to commence on 27 November 2020.

## 3. Issue price and number of Units to be issued or transferred

The issue price for each Unit under the Institutional Offer, Broker Firm Offer and Priority Offer is \$1.33.

A total of approximately 225.6 million Units will be issued under the Offer and a total of approximately 128.6 million Units will be transferred under the Capital Distribution, as follows:

Offer component	Number of Units
Capital Distribution	128,613,273
Institutional Offer	90,977,445
Broker Firm Offer	129,323,307
Priority Offer	5,263,158
<b>Total</b>	<b>354,177,183</b>

## 4. Despatch date

The intended date for despatch of:

- (a) in relation to all holdings on the CHESS sub-register, a notice from HDN under ASX Settlement Operating Rule 8.9.1;
- (b) in relation to all other holdings, issuer sponsored holding statements; and
- (c) any refunded money,

is Thursday, 26 November 2020.

## 5. Indicative statement of the 20 largest Unitholders

Refer to Attachment 1 for an indicative statement of the 20 largest Unitholders.

## 6. Indicative distribution schedule

Refer to Attachment 2 for an indicative distribution schedule of Unitholders.

## 7. Units subject to voluntary escrow arrangements

128,613,273 Units (representing 100% of the Units held by Home Consortium Limited) are subject to voluntary escrow until 4.15pm on the date that is one year after the date of issue and allotment of new Units under the Offer.

## 8. Capital structure

HDN's capital structure as at Completion is set out as follows:

<b>Class</b>	<b>Number</b>
Units	482,913,263

## 9. Implementation Deed and Debt Facility

The Responsible Entity confirms that:

- (a) all conditions precedent to the Implementation Deed have been completed; and
- (b) HDN has entered a senior secured syndicated debt facility agreement, comprising two tranches totalling at least \$400 million.

## 10. Investment Management Agreement

Section 13.4 of the PDS contains a summary of the key terms of the Investment Management Agreement. The following sets out additional information in respect of the Investment Management Agreement:

<b>Item</b>	<b>Summary</b>
How HDN proposes to manage its assets or business after the agreement expires or is terminated before its scheduled expiry	<p>The Investment Management Agreement will commence from allotment (expected 26 November 2020) for an initial term of 10 years and is automatically extended for successive five year terms unless terminated by either the Responsible Entity or the Investment Manager with at least 12 months prior notice.</p> <p>In the event the Investment Management Agreement is terminated before its scheduled expiry or otherwise expires, the Responsible Entity has sufficient internal resources to provide the investment management services or it will otherwise appoint an appropriately qualified external investment management service provider to act as investment manager.</p>
A summary of any provisions that allow the consideration to be paid or provided by HDN to the Investment Manager under the Investment Management Agreement to be reviewed or varied over the term	<p>There are no specific provisions relating to the review or variation of consideration to be paid or provided by the Responsible Entity to the Investment Manager under the Investment Management Agreement; however, the Investment Management Agreement may be amended in writing and signed by or on behalf of the parties.</p>

Item	Summary
The procedures for making any amendments to the management agreement	The Investment Management Agreement may only be amended if the amendment is in writing and signed by or on behalf of the parties.
Whether security holder approval is required, or will be sought, for any material amendment to the management agreement	The Responsible Entity has provided an undertaking to ASX dated 23 November 2020 that it will obtain the approval of Unitholders under an ordinary resolution for any material changes to the Investment Management Agreement or provide for any material amendments to be conditional on this approval. A material amendment to the Investment Management Agreement is an amendment that would reasonably be likely or expected to have a material effect on the price or value of the Units.
What processes will be in place to manage the potential conflicts if the Investment Manager proposes to the Responsible Entity that it acquire assets from, or dispose of assets to, the Investment Manager or an associate of the Investment Manager	<p>Under the terms of the Investment Management Agreement, the Investment Manager is required to establish protocols for the prevention and management of conflicts.</p> <p>The Investment Manager intends to establish these protocols soon after the commencement of the Investment Management Agreement (being the allotment of Units on 26 November 2020) which will broadly require the following:</p> <ul style="list-style-type: none"> <li>• the Investment Manager will ensure that the assets in question would be properly valued and agreements be entered into on an arm's length basis;</li> <li>• the Responsible Entity has adopted a Conflict of Interest and Related Party Transaction Policy to ensure there are adequate arrangements to identify and manage conflicts of interest or duty and related party transactions;</li> <li>• external solicitors to be used and other independent advice may be sought; and</li> <li>• all such transactions be subject to board approval.</li> </ul>
Any provisions triggered by a change of control of the Responsible Entity or the Investment Manager	<p>The Investment Management Agreement may be terminated immediately by the Responsible Entity:</p> <ul style="list-style-type: none"> <li>• if there is a Change of Control; or</li> <li>• if the Investment Manager ceases to be a member of the HomeCo Group,</li> </ul> <p>provided the Responsible Entity provides a notice of termination within 90 days of the Responsible Entity becoming aware of the Change of Control or the Investment Manager ceasing to be a member of the HomeCo Group.</p> <p>The Investment Management Agreement may be terminated immediately by the Investment Manager if there is a Change of Control, without the prior written approval of the Investment Manager, provided the Investment Manager provides a notice of termination within 90 days of the Investment Manager becoming aware of the Change of Control.</p>

Item	Summary
	<p>In the event the Investment Management Agreement is terminated in certain circumstances (including as a result of a Change of Control), the Investment Manager will be paid within 7 days of the date of termination, a compensation amount equal to two years of management fees, calculated based on the consolidated gross asset value as at the date of termination of the Investment Management Agreement.</p> <p><b>Change of Control</b> means:</p> <ul style="list-style-type: none"> <li>(a) a change in a person having or a person gaining: <ul style="list-style-type: none"> <li>(i) control of the ability to remove the Responsible Entity;</li> <li>(ii) control of more than half the voting rights attaching to the Units; or</li> <li>(iii) control of more than half the Units;</li> </ul> </li> <li>(b) the Responsible Entity ceases to be the trustee of HDN or ceasing to be sole trustee of HDN unless the replacement or additional trustee is a member of the HomeCo Group; and</li> <li>(c) the winding up of HDN being commenced for any reason, including as a result of: <ul style="list-style-type: none"> <li>(i) Unitholders resolving to wind up HDN; or</li> <li>(ii) the Responsible Entity ceasing to be authorised under the Constitution or at law, to own the assets of HDN in its name or to perform its obligations under the Investment Management Agreement provided that the circumstances giving rise to the Responsible Entity ceasing to be authorised at law is not due to a breach by the Responsible Entity of any relevant laws or rules or regulations made under any relevant laws (as amended from time to time).</li> </ul> </li> </ul>

## 11. Waiver of ASX Listing Rules

ASX has granted HDN a waiver from:

- (a) Listing Rule 1.1 (condition 18) to the extent necessary not to require the Responsible Entity to have a remuneration committee if HDN is to be included in the S&P/ASX 300 Index on admission to the official list;
- (b) Listing Rule 6.24 in respect of clause 1 of Appendix 6A to the extent necessary that the rate of a distribution need not be advised to ASX when the distribution record date attaching to that distribution is announced, on condition that an estimated distribution rate is advised to ASX at the time of the announcement and the actual rate is advised to ASX as soon as it becomes known;
- (c) Listing Rule 7.1 to the extent necessary to permit:

- (i) the issue of Units in connection with the Capital Reduction and Offer without Unitholder approval under that rule on condition that the Capital Reduction is approved by HomeCo Securityholders; and
- (ii) HDN to issue Units to the Responsible Entity and/or Home Consortium Developments Limited (or a wholly owned subsidiary of that company) to act as the day-to-day investment manager of HDN (**Manager**) in satisfaction of payment of any management or performance fees and expenses payable under the constitution of HDN or an Investment Management Agreement, without obtaining Unitholder approval, subject to the following conditions:
  - (A) HDN makes full disclosure to any person who may subscribe for Units under an offer document or product disclosure statement of the provisions which provide for the periodic issue of Units in lieu of payment of any management and/or performance fees or expenses payable to the Responsible Entity or Manager (**Provisions**);
  - (B) a completed Appendix 2A/3B is lodged for release to the market for each issue of Units pursuant to the Provisions;
  - (C) the Units are issued in accordance with the Provisions;
  - (D) details of the Units issued in lieu of management or performance fees or expenses are disclosed in HDN's annual report each year in which Units are issued; and
  - (E) Unitholder approval is sought every third year for the issue of Units in lieu of any management or performance or expenses fees payable to the Responsible Entity or under an Investment Management Agreement.
- (d) Listing Rule 10.1 to the extent necessary to permit HDN to enter into or extend the term of a lease with each of Spotlight Pty Ltd, Anaconda Group Pty Ltd, CW Leasing Services Pty Ltd or Aurrum Childcare Pty Ltd (together, the **Related Parties**), or to receive rental payments made during the initial term of an existing lease with a Related Party, for any HDN property where the lease is a substantial asset of HDN, taking into account payments for the fixed term of the lease and/or any extensions to the lease (whether by agreement or upon the exercise of an option), without obtaining Unitholder approval on the following conditions:
  - (i) Each Annual Report for HDN sets out clearly the terms and conditions of the leases entered into between HDN and the Related Parties for the period since the last Annual Report.
  - (ii) The lease agreements between HDN and the Related Parties for each HDN property continue to be on substantially the standard terms and conditions established by the parties from time to time for leases of HDN properties.
  - (iii) The lease agreement in each case contains appropriate mechanisms, in the opinion of ASX, for the periodic determination of the rent of a HDN property, as follows:
    - (A) In the case of In the case of the initial fixed term of a new lease or an extension to an existing lease (to be not longer than 10 years), the relevant terms must provide:
      1. for commencing rent that before the lease is entered into (or extended) has been assessed by HDN to be current market rent and which shall be confirmed to be the current market rent at the

commencement of the term by an independent licensed valuer to HDN; and

2. for annual increases during each year after the first year of the lease (or extension) of either a fixed rate or the increase in the Consumer Price Index or a combination of both, which increase has been assessed by HDN before the lease is entered into to be consistent with market practice and which shall be confirmed by an independent licensed valuer to HDN to be consistent with market practice.

(B) In the case of each term following the exercise of an option to renew a lease, the relevant terms must provide:

1. for determining at least every 10 years the current market rent to be paid for each HDN property, including the provision of advice by an independent licensed valuer to HDN on the current market rental value; and
2. that no lower rent than the current market rental value shall be paid for each property (other than that the variation may be capped such that the new annual rent will be no greater than 10% (or some larger amount) higher than the total rent payable for the year preceding the date for review of the market rental value).

(iv) HDN provides a written undertaking, in a form acceptable to ASX, that no one individual licensed valuer will provide valuations for the purposes of independent valuations for acquisitions and disposals of real estate, or advice for market rent reviews or calculations on existing or proposed leases or lease extensions, in relation to more than 40% in number of the properties held by HDN during the previous rolling five year period.

(e) Listing Rule 10.11 to the extent necessary to permit:

(i) the issue of Units in connection with the Capital Reduction and Offer as well as one off grants of Units, to directors of the Responsible Entity and other related parties in lieu of cash fees without Unitholder approval under that rule on condition that the Capital Reduction is approved by HomeCo Securityholders and that the related parties participate in the Capital Distribution and offer of Units under the Capital Reduction and Offer on the same basis as other HomeCo Securityholders; and

(ii) HDN to issue Units to the Responsible Entity and/or the Manager in satisfaction of payment of any management or performance fees and expenses payable under the constitution of HDN or an Investment Management Agreement, without obtaining Unitholder approval, subject to the following conditions:

(A) HDN makes full disclosure to any person who may subscribe for Units under an offer document or product disclosure statement of the Provisions;

(B) a completed Appendix 2A/3B is lodged for release to the market for each issue of Units pursuant to the Provisions;

(C) the Units are issued in accordance with the Provisions;

(D) details of the Units issued in lieu of management or performance fees or expenses are disclosed in HDN's annual report each year in which units are issued; and

- (E) Unitholder approval is sought every third year for the issue of Units in lieu of any management or performance or expenses fees payable to the Responsible Entity or under the Investment Management Agreement.

Authorised for release by the Board of the Responsible Entity



## Attachment 1

### Indicative statement of the 20 largest Unitholders

No	Unitholder	Units	% of Units
1.	Home Consortium Ltd	128,613,273	26.6%
2.	HSBC Custody Nominees	33,820,251	7.0%
3.	Home Investment Consortium	31,116,412	6.4%
4.	HSBC Custody Nominees (Australia) Limited	25,144,227	5.2%
5.	BNP Paribas NOMS Pty Ltd	22,511,225	4.7%
6.	HICC 2 Pty Ltd	15,560,856	3.2%
7.	National Nominees Limited	12,880,298	2.7%
8.	Citicorp Nominees Pty Limited	10,189,079	2.1%
9.	UBS Nominees Pty Ltd	8,836,047	1.8%
10.	Credit Suisse Nominees Limited	6,015,038	1.2%
11.	Goat Properties Pty Ltd	5,613,848	1.2%
12.	UBS Nominees Pty Ltd	4,156,811	0.9%
13.	JP Morgan Nominees Australia Limited	3,477,094	0.7%
14.	Home Consortium Investments	3,472,222	0.7%
15.	Citicorp Nominees Pty Limited	3,172,788	0.7%
16.	National Nominees Limited	2,769,065	0.6%
17.	Netwealth Investments Limited	1,971,505	0.4%
18.	HSBC Custody Nominees	1,614,616	0.3%
19.	J P Morgan Nominees Australia	1,524,850	0.3%
20.	Bridgebox Pty Ltd	1,379,819	0.3%
<b>Top 20 holders of Units</b>		<b>323,839,324</b>	<b>67.1%</b>
<b>Balance of Units</b>		<b>159,073,939</b>	<b>32.9%</b>
<b>Total Units on issue</b>		<b>482,913,263</b>	<b>100.0%</b>

## Attachment 2

### Indicative distribution schedule of Unitholders

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Range	Holders
1 to 1,000	443
1,001 to 5,000	1,845
5,001 to 10,000	1,276
10,001 to 100,000	2,453
100,001 and over	190
<b>Total</b>	<b>6,207</b>