

ASX RELEASE

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HOMECON ANNOUNCES \$133.2 MILLION OF HEALTHCO ACQUISITIONS

Accelerating Growth of HealthCo through Capital Recycling

- \$133.2 million of high quality primary medical and childcare acquisitions, growing the seed portfolio for HealthCo to ~\$480 million¹
- On track to establish HealthCo in 1H FY22 and to raise \$1.0 billion of equity²
- Sale of \$28.4 million non-core large format retail asset at 3.5% premium to book value³
- Well capitalised with minimal debt, providing significant capacity to grow HealthCo portfolio⁴

Home Consortium (ASX:HMC) (“**HomeCo**”) today provides an update in relation to a number of asset recycling initiatives which are consistent with strategy to transition to a capital light fund manager with scalable platforms for growth.

The agreed acquisition of Health Hub Morayfield for \$110.0 million provides HealthCo with a significant and recently developed integrated healthcare ecosystem asset in one of Australia’s fastest growing regions. In addition, HomeCo has secured \$23.2 million of high quality childcare acquisitions. These acquisitions will be warehoused on balance sheet prior to the proposed establishment of an ASX-listed and unlisted fund later this calendar year.

Following these acquisitions, HealthCo’s seed portfolio increases to ~\$480 million¹ and remains well positioned for continued growth with ~\$300 million of additional assets currently under due diligence.

Details of the announced acquisitions and disposals are summarised below and further information on the HealthCo acquisitions are provided in Appendix A.

HealthCo Acquisitions

- **Morayfield (Health Hub), QLD:** HomeCo has entered into a put and call option to acquire Health Hub Morayfield, QLD for \$110.0 million reflecting a capitalisation rate of 5.40%. Completion is subject to a unitholder vote of the seller. The property delivers a diverse range of primary medical services including a GP clinic, pharmacy, radiology and other allied health services in addition to child care services.

¹ ‘As complete’ basis.

² Including HomeCo’s initial seed equity. Please also refer to Appendix B for further details.

³ Book value as at 31 December 2020.

⁴ Based on expected financial position post completion of capital recycling initiatives including sale of 7 LFR properties to HDN.

- **Woolloongabba (Childcare), QLD:** HomeCo completed the acquisition of a standalone childcare centre⁵ leased to Busy Bees in Woolloongabba (3 kilometres from the Brisbane CBD) in April 2021. The asset was acquired for \$13.0 million reflecting a capitalisation rate of 5.50%.
- **Five Dock (Childcare), NSW:** HomeCo recently exchanged contracts on a standalone childcare centre in Five Dock, NSW leased to Greenwood (owned by G8 Education (ASX: GEM)) and is expected to settle in late May 2021. The asset was acquired for \$10.2 million reflecting a capitalisation rate of 5.50%.

Non-Core Disposals

HomeCo has conditionally exchanged contracts to sell an LFR property in Morayfield, QLD with settlement expected to occur in late May 2021. The sale will realise gross proceeds of \$28.4 million, 3.5% above 31 December 2020 book value.

This sale builds upon the previously announced sale of an LFR property in Bathurst, NSW on 29 January 2021. The sale realised gross proceeds of \$17.0 million, consistent with what was disclosed at HomeCo's 1H FY21 result on 24 February 2021.

Following these transactions and the previously announced LFR asset sales of \$266.4 million to HomeCo Daily Needs REIT (ASX: HDN), HomeCo's directly owned portfolio of LFR assets will decrease to \$154.6 million.

HomeCo will continue to actively manage its remaining LFR assets held on balance sheet and will continue evaluating asset recycling opportunities, including sale to HDN or sale to third parties, to deliver optimum long term securityholder returns.

HomeCo Managing Director and Chief Executive Officer David Di Pilla said: *"We remain on track to establish HealthCo later this year and today's update further demonstrates our ability to source high quality assets which are well suited to the model portfolio strategy we announced last month for HealthCo."*

"Pleasingly, we continue to execute our strategy in a capital efficient manner through active capital recycling. Our balance sheet is well capitalised with minimal debt, providing us with significant capacity to secure additional assets for HealthCo including several which are currently under due diligence."

FY21 Guidance Reaffirmed and HealthCo Outlook

HomeCo reaffirms FY21 FFO guidance of no less than \$35.0 million (12.9 cents per security). HomeCo also reaffirms FY21 dividend guidance of 12.0 cents per security.

HomeCo recently engaged L.E.K. Consulting Australia Pty Ltd to undertake a detailed industry report analysing the five key sub sectors in which HealthCo is targeting investment. The report which is in the process of being finalised indicates a potential addressable market of ~\$220 billion of healthcare real estate in Australia. Further details on the L.E.K. report will be released in the coming weeks via an official HealthCo announcement.

-ENDS-

⁵ Woolloongabba comprises two tenancies including a gym which contributes ~10% of GLA and net income.

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Authorised for release by the Home Consortium Board

About HomeCo

HomeCo is focused on the ownership, development and management of real assets. HomeCo manages a property portfolio of assets with our tenants spanning daily needs, leisure and lifestyle, healthcare, wellness and government services enterprises across Australia

IMPORTANT NOTICE

The information provided in this document has been prepared by Home Consortium (a stapled entity comprising Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700)).

The issuer of the units in the proposed HealthCo will be a wholly owned subsidiary of Home Consortium. The listed HealthCo fund has not been established nor registered as a registered scheme with the Australian Securities and Investments Commission (ASIC). Any offer of units in the listed HealthCo fund to retail clients will only be made following registration of the listed HealthCo fund with ASIC and pursuant to a product disclosure statement issued under Part 7.9 of the Corporations Act 2001 (Cth) (PDS) by the responsible entity of the listed HealthCo fund. The PDS is expected to be lodged with ASIC and made available in the second half of 2021 at <https://www2.asx.com.au/>. Investors should consider the PDS in deciding whether or not to acquire units in the listed HealthCo fund.

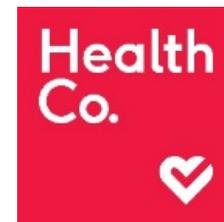
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Appendix A





HealthCo Acquisitions – Morayfield Health Hub

HomeCo has acquired an integrated healthcare ecosystem asset in the south-east QLD growth corridor of Moreton Bay for \$110 million

Morayfield Health Hub

Description	<ul style="list-style-type: none"> Purpose-built modern 3-storey health precinct encompassing GP clinic, pathology, pharmacy, radiology, dental, mental health, childcare, rehabilitation, counselling and clinical research usages
Valuation	<ul style="list-style-type: none"> Purchase price of \$110.0 million <ul style="list-style-type: none"> Includes \$2.5 million rental guarantee / incentive allowance
Capitalisation rate	5.40%
WARR¹	3.0% (71% fixed, remainder greater of fixed or CPI)
WALE²	6.1 years
Settlement	Option Deed exchanged with settlement of purchase subject to vendor's unitholder approval (Jul-21)



Health Hub Precinct tenants



Notes: 1. Weighted Average Rent Review. 2. By gross income for signed leases and signed MoU's



HealthCo Acquisitions – Childcare

HomeCo has also acquired two childcare centres located in metropolitan growth corridors for combined consideration of ~\$23 million

	Woolloongabba (QLD)	Five Dock (NSW)
Description	<ul style="list-style-type: none"> Purpose-built 3-storey facility comprising 169-place childcare centre and Body Fit Training gym located ~3km from the Brisbane CBD¹ 	<ul style="list-style-type: none"> Double storey 96-place childcare facility located in Five Dock (NSW) leased to G8 Education located ~10km from the Sydney CBD
Valuation	Purchase price of \$13.0 million	Purchase price of \$10.2 million
Capitalisation rate	5.50%	5.50%
Childcare Operator	Busy Bees Childcare	G8 Education
Occupancy²	100%	100%
WARR³	3.0% (100% fixed)	3.5% (100% fixed)
WALE⁴	11.8 years	4.4 years
Settlement date	Settlement complete (Apr-21)	Expected settlement (May-21)



Woolloongabba (QLD)



Five Dock (NSW)

Notes: 1. ~90% of GLA and net income ascribed to childcare tenancy. 2. By GLA based on signed leases and signed MoU's. 3. Weighted Average Rent Review. 4. By gross income for signed leases and signed MoU's



Appendix B



HealthCo Advisory Board



Joseph Carrozzi

**Former Managing Partner,
Professional Services
(PwC & EY)**

**Chairman, Centenary
Institute for Medical
Research**

Joseph has been a Partner in the Big 4 professional services firms for over 20 years, commencing with Tax & Legal Leader at Andersens, Regional Managing Partner at EY and then joining PwC in 2005 as National Managing Partner, Markets and Sydney Office.

Joseph also has a strong commitment to community engagement in health and regulated sectors. He is Chairman of the Centenary Institute for Medical Research, Chairman of Sydney Harbour Federation Trust and Deputy Chair of the NSW Institute of Sport, as well as a Governor on the board of Western Sydney University and Board member of Football Australia.



Tom Hardwick

Former CEO of Guardian Early Learning

Tom Hardwick is the former CEO of Guardian Early Learning Group, a childcare business he co-founded in 2004 and grew to become one of the largest childcare businesses in Australia with over 100 operating centres.

Prior to his time with Guardian, Tom was Head of Funds Management for Abacus Property Group, spent time in property investment banking with BBY and Paterson Ord Minnett and was a partner with Corrs Chambers Westgarth.

Tom has completed a Bachelor of Laws and Masters in Commerce from the University of Melbourne and spent a year in the USA as a Fulbright Scholar.



Natalie Meyenn

Former CIO of MLC Private Equity

Natalie has over 25 years experience in financial services and investing globally. Natalie previously held the roles of CIO and Chair of the Investment Committee for MLC Private Equity, one of Australia's largest and best performing institutional private equity programs.

Natalie also worked in Investment Banking (M&A, capital markets and public finance) in New York and Sydney for many years and spent time at the World Bank working in Asia, Africa and the Pacific Islands on microfinance, project finance and climate change impact mitigation strategies.

Natalie is an adviser, director and/or shareholder for a small number of asset management and investment businesses in Europe and Australia, including a carbon neutral asset management platform in Australia.



Professor Bruce Robinson

Former Dean, Sydney University Medical School & MBS Review Chairman, Australian Federal Government

Professor Bruce Robinson is an endocrinologist with over 30 years' leadership experience as an academic physician and scientist across research, healthcare and medicine, and tertiary education.

Bruce has both a Doctorate in Medicine and Master of Science from the University of Sydney.

Bruce serves as non-executive director of Cochlear Limited. He is also a non-executive director of ASX-listed pharmaceutical manufacturer Mayne Pharma Group Limited as well as Life sciences company QBiotics Group Limited.



Danny Sims

Former CEO of Ramsay Health Care Australia

Danny Sims is the former CEO of Ramsay Health Care Australia. Ramsay Health Care Australia is the leading operator of private hospitals in Australia with 65 hospitals and 7 day surgeries. Danny started with Ramsay in 2003 after emigrating from the USA.

Danny served as Chairman of the Ramsay Hospital Research Foundation from its inception in 2015 to 2021. Danny was also a Board member of the Australian Private Hospital Association (APHA) for 13 years, including serving as President of the APHA for four years from 2016 to 2020. He also served as a Board member of HESTA, a \$50+ billion industry superannuation fund, from 2016 to 2020.

Before coming to Australia in 2003, Danny was a health care financial executive for a variety of companies and, prior to this, Danny was a hospital audit specialist for eight years with Ernst and Young.

HealthCo

Model Portfolio Construction

HealthCo will target a diversified portfolio underpinned by attractive growth megatrends

Life Sciences & Research

- ✓ Funding into life science research has been accelerated as a result of the COVID-19 global pandemic
- ✓ ~\$12bn in Australian Government funding for R&D forecast for FY21 with >50% of Australian University R&D expenditure focussed on health and life sciences
- ✓ More than 150 life sciences companies are listed on the ASX worth ~\$170bn

Hospitals

- ✓ Increased demand for complex acute and chronic care
- ✓ High barriers to entry due to government regulation
- ✓ Significant opportunity in not-for-profit space to provide efficient source of capital and partner with operators
- ✓ Public hospitals funding of ~\$134bn for FY20-25



Aged Care

- ✓ The Australia Government subsidises ~75% of the annual cost of the aged care system
- ✓ +80,000 new residential aged care places by 2030 to meet Australian Government's target
- ✓ Recommendation of Royal Commission in Mar-21 to potentially phase out RAD's (currently providing ~\$30bn of funding to operators) which is likely to accelerate transaction activity

Primary Care & Wellness

- ✓ Increased consumer focus on wellness
- ✓ Consumer demand subsidised by Medicare with ~\$30bn p.a. committed over the next four years
- ✓ High barriers to entry due to government regulation (licensing requirements for private health facilities, Medicare/PBS regulations)

Childcare

- ✓ Australian workforce is working longer hours on average
- ✓ Dual income households are growing as a proportion of total in response to rising costs of living
- ✓ Participation rate of parents in full-time roles is increasing
- ✓ ~\$40bn Childcare Subsidy program committed to across FY20-24

HealthCo

Investment Strategy & Portfolio Construction Approach

