

**LAND & HOMES GROUP LIMITED**  
**(ACN 090 865 357)**  
**(the "Company" or "LHM")**

**Supplementary Prospectus**

## 1 Introduction

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This document is the supplementary prospectus dated 13 July 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Supplementary Prospectus**). This Supplementary Prospectus supplements, and should be read together with, LHM's Rights Issue Prospectus dated 28 June 2016 (**Prospectus**). The Prospectus is for the pro rata, renounceable rights issue of 1 New Share for every 5.5 Shares held at the Record Date and 2 New Options for every 1 New Share subscribed for, to raise up to approximately \$7,975,233 before issue costs ("**the Offer**" or "**the Rights Issue**").

No previous supplementary document has been lodged with ASIC in respect of the Offer under the Prospectus. Neither ASIC nor the ASX takes any responsibility for the contents of this Supplementary Prospectus.

Terms and phrases defined in the Prospectus have the same meaning for the purposes of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

## 2 Contents Supplemented

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The Prospectus is supplemented by making the following amendments to the Prospectus:

### 2.1 **Acquisition Financing under Key Investment Risks Section and Section 5.2 Business Risk Factors of the Prospectus are replaced as follows**

**Acquisition Financing:** The Company will need to finance the acquisition of the property at 44, 60-66 and 100 Barry Parade, Fortitude Valley by way of bank loan. Assuming a loan-to-value ratio of 70%, the Company will need to borrow \$14 million dollars. The Company is currently negotiating for such finance. The ability of the Company to complete the acquisition of the Barry Parade Property will be dependant upon it being able to obtain such financing and satisfy the conditions attaching to the financing, which are expected to include receipt of a valuation report and completion of all relevant legal documentation. If the Company is unable to negotiate such finance, or is unable to satisfy the conditions of such finance, it may be unable to complete the purchase of the Barry Parade Property and will breach its obligations under the Option Agreement which could give rise to substantial loss including the forfeiting of an initial advance deposit of AU\$1,000,000 and a further deposit of AU\$1,000,000 (AU\$2,000,000 in aggregate) (refer to Section 2.19 for more details). The Directors consider that LHM will have a range of options available to it in order to avoid any such default, including obtaining finance from an alternative source,

introducing a co-investor to participate in the purchase or nominating a third party to complete on the acquisition.

**2.2 Section 2.19 Option Agreement of the Prospectus is replaced as follows**

As announced on 2 May 2016, the Company entered into a conditional Put and Call Option Agreement ("Option Agreement") through its subsidiary Land & Homes Investment Pty Ltd ACN 604 078 980 to acquire the Barry Parade Property. The Option Agreement permits LHM to exercise the call option of acquiring (or nominate a nominee to acquire) the Barry Parade Property at \$20,000,000 (exclusive of GST) prior to 30 September 2016.

The exercise of the call option was conditional on the Buyer obtaining the approval of the Foreign Investment Review Board ("FIRB") to purchase the property within 30 days after execution of the Option Agreement. FIRB advised the Company that approval is not required in relation to the purchase of the property on 23 May 2016 and therefore the Put and Call Option Agreement is no longer conditional.

If LHM (or its nominee) does not exercise the Option, the Vendor may at any time before 7 October 2016 exercise its put option to require LHM purchase the Barry Parade Property.

The purchase price of the property is payable by three instalments:

- (i) Initial advance deposit of AU\$1,000,000 within 5 Business Days following execution of the Option Agreement (which has been paid);
- (ii) Further deposit of AU\$1,000,000 within 3 months following execution of the Option Agreement (which is due to be paid on 29 July 2016); and
- (iii) The balance of the purchase price payable at Settlement.

Settlement is to occur on 31 October 2016.

If settlement does not occur due to the default of the Buyer, the initial advance deposit of AU\$1,000,000 and the further deposit of AU\$1,000,000 (AU\$2,000,000 in aggregate), provided by LHM, will be forfeited to the Seller.

In addition, the Buyer will be liable for the Seller's losses resulting from such default. Such losses would include any loss made by the Seller on reselling the property as well as its costs incurred in connection with the Buyer's default. A default may also give rise to a claim for specific performance.

LHM will purchase the property with existing monthly tenancies in place and it is expected that the going concern exemption will apply with respect to GST. If GST is payable, the Vendor will contribute up to \$175,000 towards the additional costs incurred by LHM, excluding the actual GST liability.

### 3 Consents

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Each of the Directors has given and has not withdrawn his or her consent to all statements of such director or of the Directors which are included in this Supplementary Prospectus in the form and context in which they are included.

### 4 Authorisation

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This Supplementary Prospectus is issued by the Company and its issue has been authorized by a resolution of the directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'Siew Goh', with a horizontal line underneath. There is a small '2' written above the signature.

Siew Goh

Director

Signed for and on behalf of

**LAND & HOMES GROUP LIMITED**