Home Consortium

ASX RELEASE

12 October 2020

HOMECO DAILY NEEDS REIT IPO BRIEFING PRESENTATION

Home Consortium provides the attached HomeCo Daily Needs REIT IPO Briefing Presentation.

-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.




HomeCo Daily Needs REIT IPO – Briefing Presentation

October 2020

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Agenda

I. Overview of HomeCo Daily Needs REIT

II. Acquisitions

III. Growth strategy

IV. Financials

V. Supplementary information

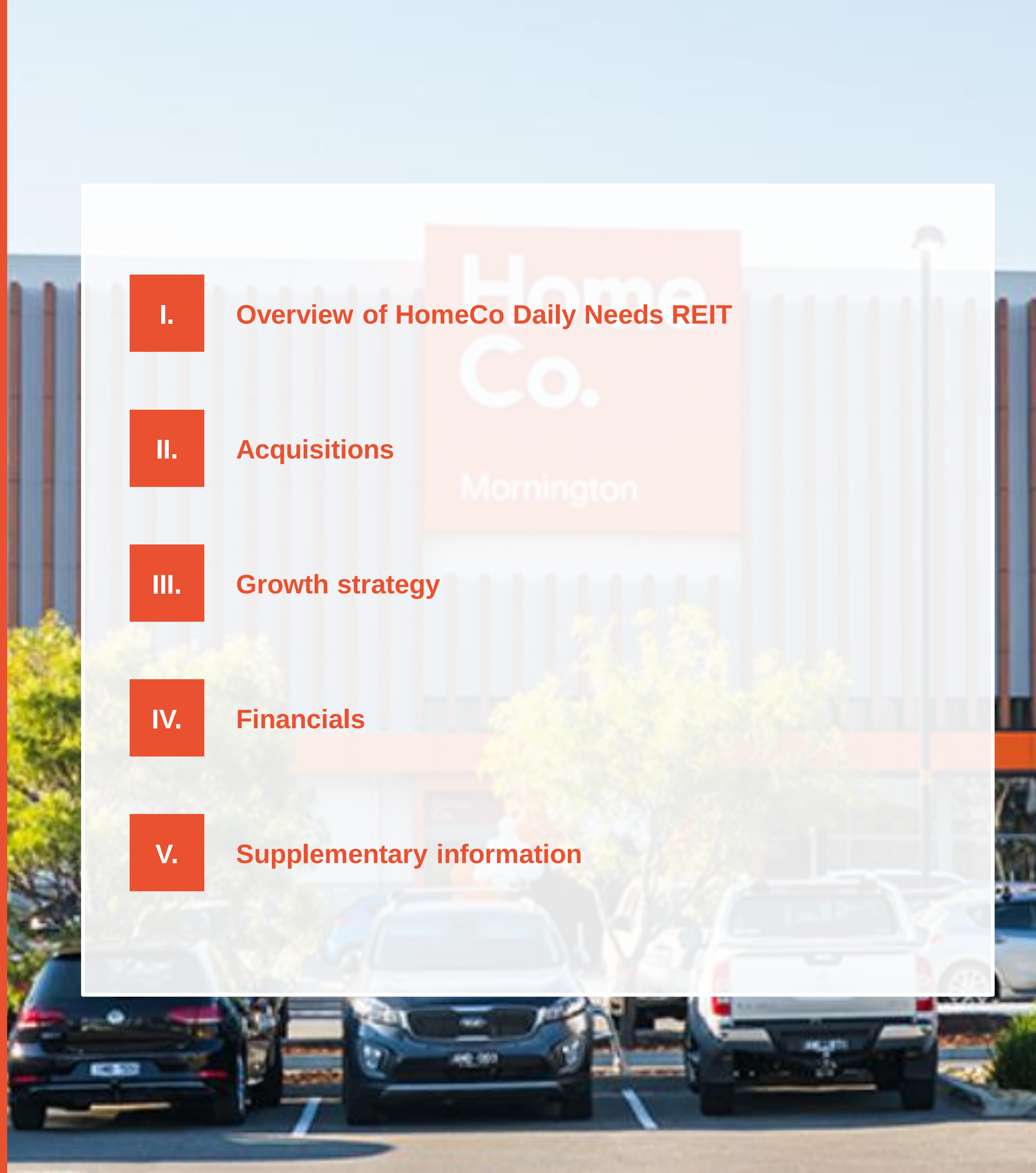

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Photo: HomeCo Hawthorn East

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Overview of HomeCo Daily Needs REIT

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Establishment of HomeCo Daily Needs ASX-listed REIT

Transaction overview and timing

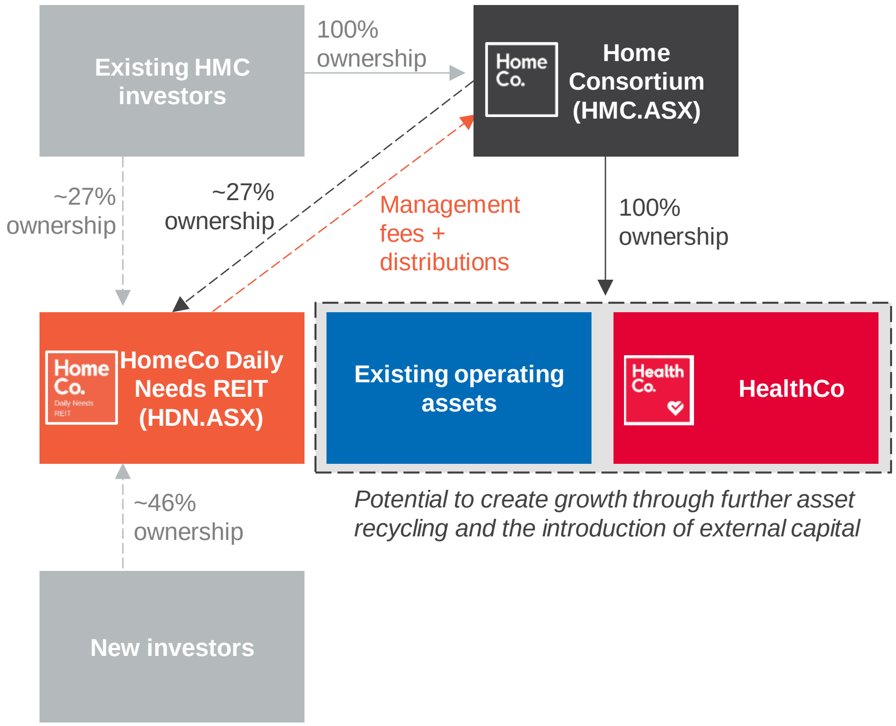
Summary

- HomeCo (HMC) intends to establish a new ASX-listed REIT (HomeCo Daily Needs REIT) owning a portfolio of stabilised, predominately metro-located and convenience based assets through an in-specie distribution to HMC securityholders. A HMC subsidiary will act as responsible entity of HomeCo Daily Needs REIT
- HMC will retain a ~27% stake in HomeCo Daily Needs REIT, ensuring alignment with HomeCo Daily Needs REIT unitholders (subject to one year voluntary escrow)
- Eligible HMC securityholders will receive new units in HomeCo Daily Needs REIT proportional to their existing HMC securityholding
- HomeCo Daily Needs REIT intends to raise $300 million of new capital by offering new units via a PDS
- Subject to final Board approval, third party consents, regulatory and HMC securityholder approval on 18 November 2020

Proposed timing

HMC Annual General Meeting	18 November
HomeCo Daily Needs REIT trading commences	23 November
Completion of in-specie distribution	26 November

HomeCo Daily Needs REIT post completion



Potential to create growth through further asset recycling and the introduction of external capital

HomeCo Daily Needs REIT investment highlights

Portfolio of stabilised, convenience based assets targeting consistent growing distributions

1 Model portfolio

- Diversification across sub-sectors, tenants and geographies expected to provide defensive and sustainable income

8.4yr WALE[1] Long term income visibility	**77%**[1] Exposure to national tenants	**<14%**[1] Low exposure to specialty retail tenants	**94%**[2] Concentration in metropolitan markets	**$349/sqm**[1] Affordable average gross rents	**94%**[3] Cash collection

2 Attractive distributions

- The Offer price will be at NTA
- Forecast FY21 annualised distribution yield of 5.5% based on the Offer Price
- 100% tax-deferred distributions in FY21
- Modern portfolio with low maintenance capex
- Conservative capital structure with gearing at listing of 26%[4] below the bottom end of 30 – 40% target gearing range

3 Growth opportunities

- Contracted rental growth with fixed escalations across 63%[1] of the portfolio (3.5% p.a. WARR[1]) and 11%[1] of the portfolio subject to CPI linked escalations
- Additional growth targeted through value enhancing developments and site optimisation
- Acquisition opportunities across target sectors

4 Governance

- Independent Chairman and majority independent Directors with experienced and credentialed individuals
- Alignment with manager, HMC, that has a track record of value-add portfolio management

Source: HMC filings as at 30-Sep-20

Notes: 1. By gross income for signed leases and signed MOUs as at 30-Sep-20 across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition. 2. Calculated by number of Properties, with 16 out of 17 Properties metro-located (Vincentia not metro-located). 3. Rent collection of contracted rent in the 3 months to 30-Sep-20, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and the proposed acquisition. 4. 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.

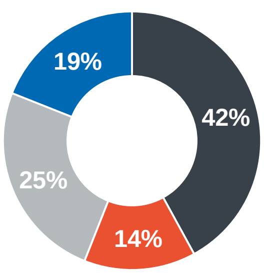
HomeCo Daily Needs REIT at a glance

High quality and defensive exposures across target sub-sectors, tenants and geographies

Portfolio statistics[1]

Number of properties	17
Independent valuation	~$844m
Weighted average capitalisation rate (“WACR”)	5.9%
Occupancy (by GLA)[2]	98%
Weighted average lease expiry (“WALE”)[3]	8.4 years
Site coverage ratio	31%
Rent collection (3Q2020)[4]	94%

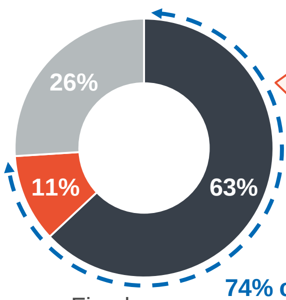
Tenant mix (by income)[3, 5]



Less than 14%[1] specialty exposure and ~77%[1] national tenants

- Non-specialty Neighbourhood
- Specialty Neighbourhood
- LFR
- Health & Services

Rent Composition (by income)[3]



Fixed rental escalations for 63% of portfolio with 3.5%[3] p.a. weighted average

74% contracted growth

- Fixed
- CPI
- Supermarket[6]

Model portfolio target weightings will inform HDN portfolio construction[7, 8]

50% Neighbourhood	30% Large Format Retail	20% Health & Services

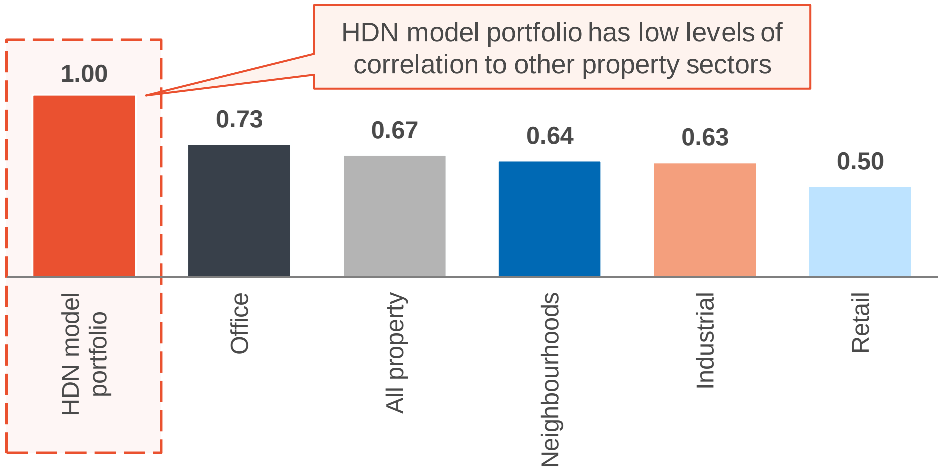
Source: HMC filings as at 30-Sep-20

Note: 1. Portfolio statistics as at 30-Sep-20 include all HomeCo Daily Needs REIT assets, including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition. 2. Occupancy does not include Ellenbrook and Richlands. 3. By gross income for signed leases and signed MOUs as at 30-Sep-20 across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition. 4. Rent collection of contracted rent in the 3 months to 30-Sep-20, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and the proposed acquisition. 5. Non-specialty Neighbourhood includes supermarket and pharmacists. 6. Includes turnover rent. 7. Neighbourhood - retail centres with a supermarket anchor and other daily convenience stores; Large Format Retail - centres devoted predominately to homewares & electrical, hardware, and furniture & bedding tenants; Health & Services - properties devoted predominately to healthcare and wellness & lifestyle services tenants. 8. While HomeCo Daily Needs REIT’s Portfolio has been constructed with reference to the Model Portfolio, the actual composition of HomeCo Daily Needs REIT’s 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.

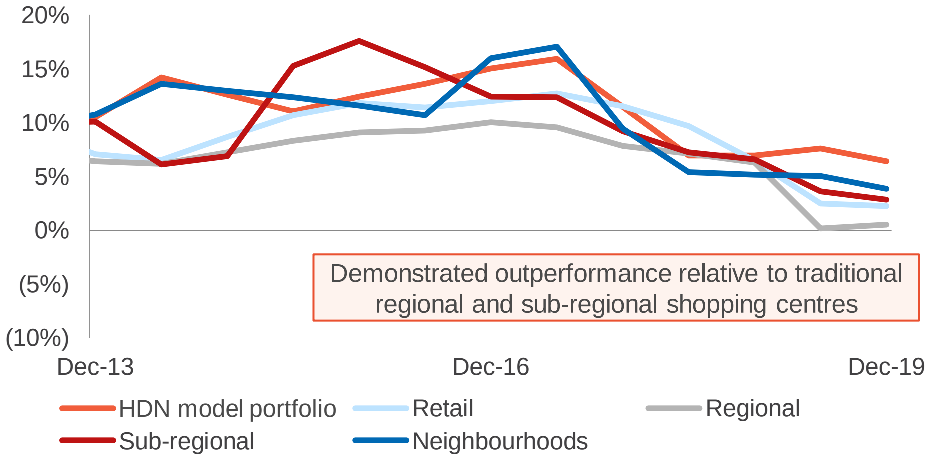
Model portfolio

Model portfolio weighting has historically delivered enhanced returns[1]

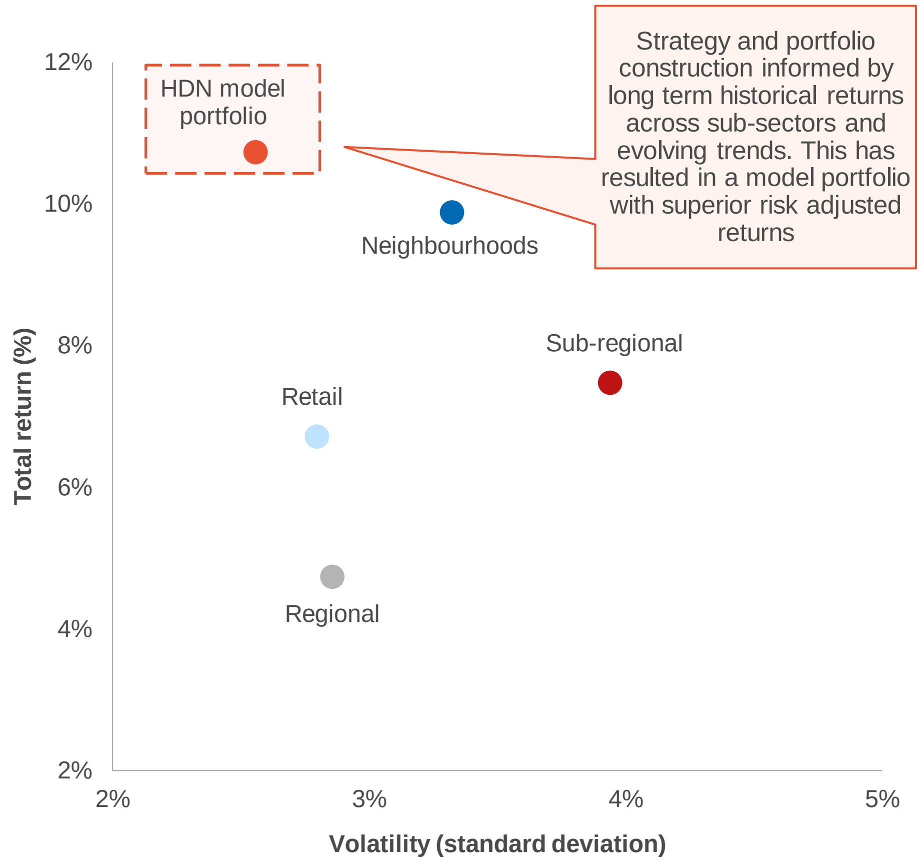
Correlation benchmarking (2007–2019)



HDN model portfolio returns versus retail (2013–2019)[2]



Total returns and volatility by sector (2013–2019)[2]

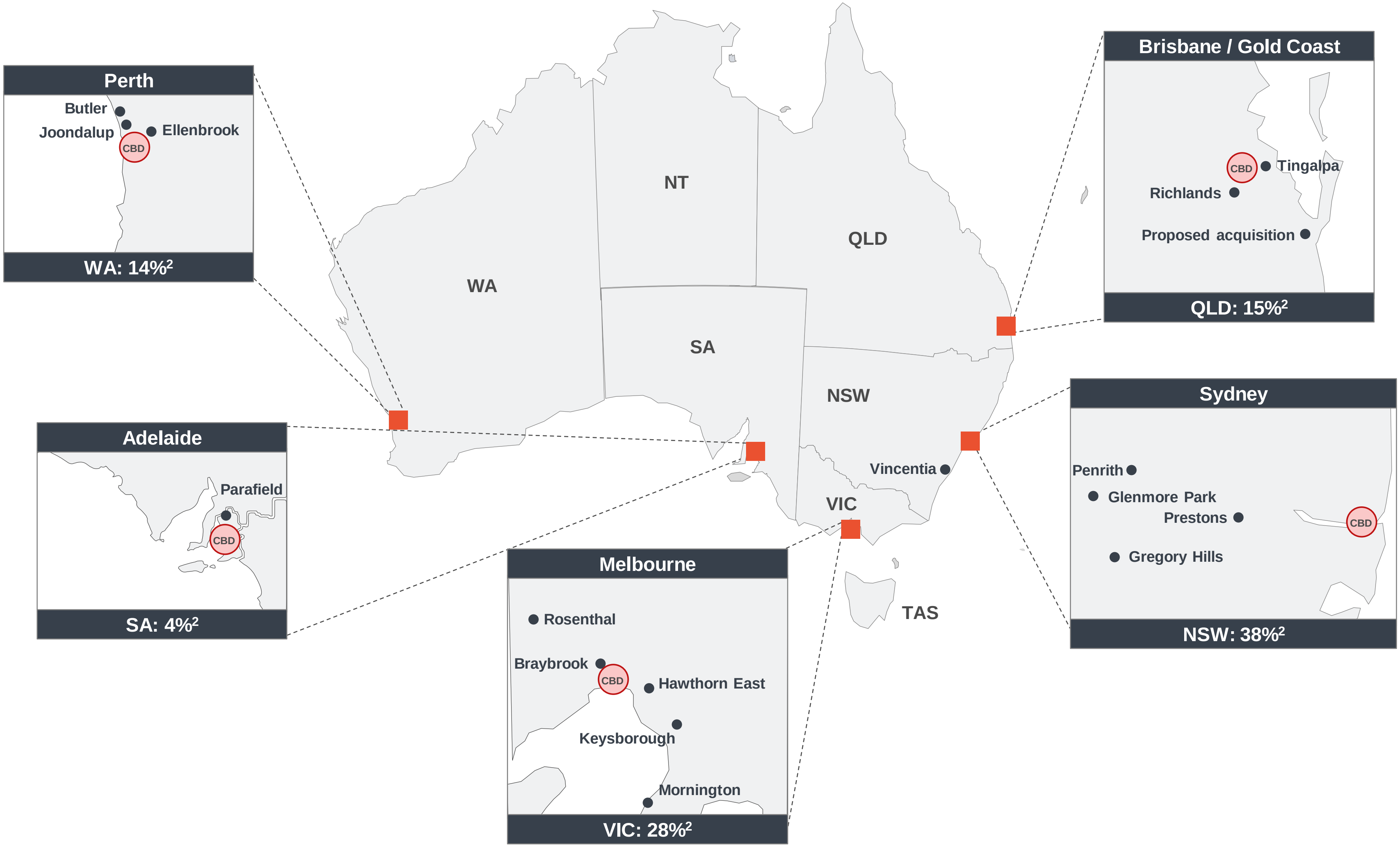


Source: RIA

Notes: 1. Past performance is not indicative of future performance. 2. Based on model portfolio representing 50% Neighbourhood Retail assets, 30% Large Format Retail assets and 20% Health & Services assets. 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.

Geographically diverse and strategically located portfolio

94% weighted to metropolitan growth corridors[1]



Source: HMC filings as at 30-Sep-2020

Note: 1. Calculated by number of Properties, with 16 out of 17 Properties metro-located (Vincentia not metro-located). 2. By gross income for signed leases and signed MOUs as at 30-Sep-20 across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition.

High quality and diversified tenant mix with long lease expiry profile

Defensive tenant mix with top 10 tenants representing ~50% of gross rental income

~77%
National retailers[1]

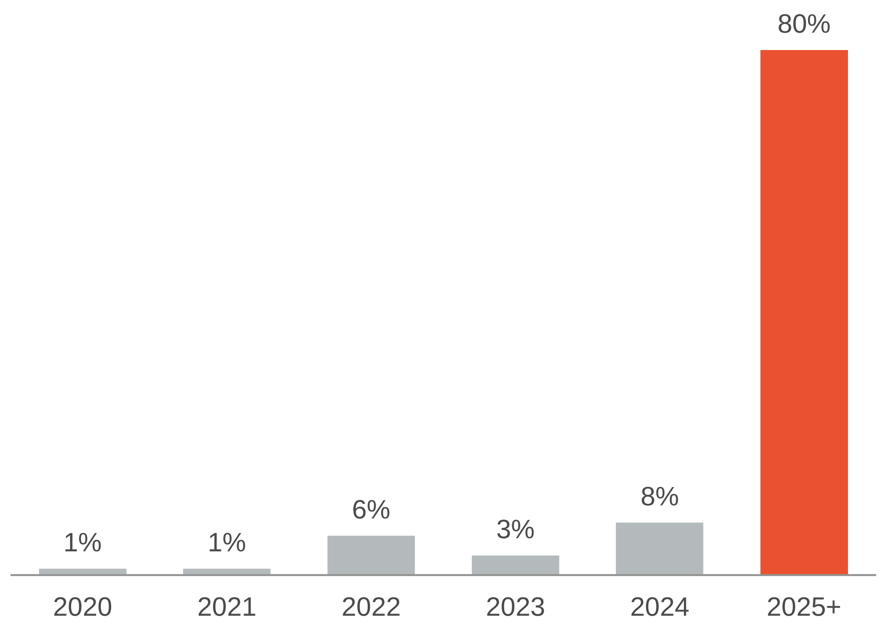
<14%
Specialty retail exposure[1]

94%
Cash collection[2]

8.4 yr
WALE[1]

Rank	Tenant	Brands	% of income[1]
1	Woolworths	Woolworths, Dan Murphy's	15.4%
2	Coles	coles, Liquorland	10.9%
3	Super Retail Group	Supercheap Auto, rebel, BCF	4.1%
4	Spotlight Group	Spotlight, Anaconda	3.4%
5	IGA / Fresh & Save	IGA, Fresh & Save Food Warehouse	3.3%
6	Amart	Amart Furniture	3.0%
7	Goodlife	Goodlife Health Clubs	2.9%
8	Spudshed	spudshed	2.7%
9	Chemist Warehouse	Chemist Warehouse	2.5%
10	Aldi	Aldi	1.7%
Top 10			**49.9%**

Lease expiry profile (by income, calendar years)[1]



Source: HMC filings as at 30-Sep-20
Note: 1. By gross income for signed leases and signed MOUs as at 30-Sep-20 across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition. 2. Rent collection of contracted rent in the 3 months to 30-Sep-20, excludes Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and the proposed acquisition.

Board of Directors

The proposed HomeCo Daily Needs REIT Board will consist of an Independent Chairman and majority Independent Directors

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 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

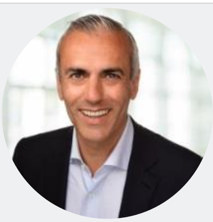
Independent Non-Executive Director

- Former General Counsel and Company Secretary at Westfield from 2002 to 2018
- Non-Executive Director of Racing New South Wales
- 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

- Director of Superloop and Future Generation Investment Company
- Over 20 years' experience as a Chartered Accountant and a former M&A partner of Deloitte and KPMG
- Significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity
- 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)

Photo: HomeCo Joondalup

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Acquisitions

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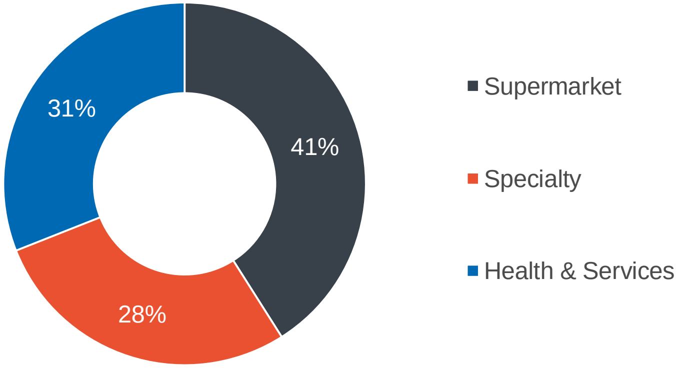
Glenmore Park Town Centre (Sydney, NSW)

Neighbourhood centre located in high growth corridor in Western Sydney

Description	Woolworths, Coles & ALDI anchored centre opened 1991 with a major development completed in 2017. Other tenants include medical centres, pharmacy, specialties and 3 pad sites (petrol, McDonalds, KFC)
Location	55 km west of Sydney CBD
Acquisition status	Exchanged
Land size	45,859 sqm
GLA	17,225 sqm (38% coverage ratio)
WALE	6.6 years[1]
Occupancy (% GLA)	96%

Tenant mix (by gross income)[1]



Tenancy plan

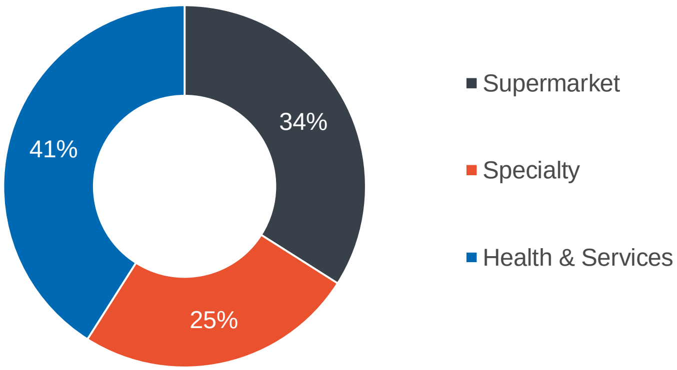
Source: HMC filings as at 30-Sep-20
Notes: 1. By gross income for signed leases and signed MOUs as at 30-Sep-20.

Gregory Hills Town Centre (Sydney, NSW)

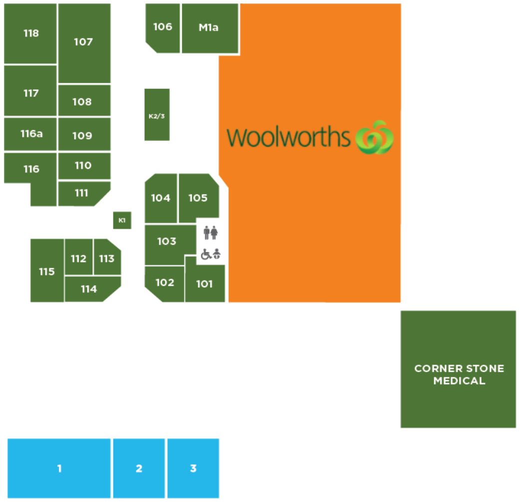
Neighbourhood centre located in high growth corridor in South West Sydney

Description	Woolworths anchored centre opened 2019. Other tenants include pharmacy, medical, food specialties and 2 pad sites (EG Petrol and Hungry Jacks).
Location	60 km south west of Sydney CBD
Acquisition status	Exchanged
Land size	46,000 sqm (incl. ~8,500 sqm excess land)
GLA	8,364 sqm (18% coverage ratio)
WALE	9.9 years[1]
Occupancy (% GLA)	100%

Tenant mix (by gross income)[1]



Tenancy plan



Source: HMC filings as at 30-Sep-20
Notes: 1. By gross income for signed leases and signed MOUs as at 30-Sep-20.

Photo: HomeCo Mornington

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Growth strategy

Targeting strong total returns

Delivering stable growing income streams with additional opportunities for growth

Target annual total returns

Drivers		% p.a.
Distribution yield		~5.5%[1]
NOI growth	+	A
Accretive developments	+	B
Acquisitions	+	C
Target annual total return	=	**~5.5%[1] + A + B+ C**

Commentary

- ✓ 100% tax deferred in FY21

Embedded rental growth
- ✓ 3.5% WARR across 63% of portfolio[2]
- ✓ CPI growth across 11% of portfolio[2]

Target development pipeline
- ✓ Targeted 7 – 10% ROIC (ungeared)

Consolidation opportunities
- ✓ Value enhancing acquisitions
- ✓ Conservative capital structure

Sustainable rents at the bottom of the cost curve combined with structured rental growth expected to support future growth

Source: HMC filings as at 30-Sep-20

Note: 1. Forecast FY21 annualised distribution yield of 5.5% based on the Offer Price. 2. By gross income for signed leases and signed MOUs as at 30-Sep-20 across all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition.

Investment criteria and objectives

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 and health & services tenants
  - individual tenant diversification
- **Exposure caps on tenant categories**
  - no department stores
  - limited exposure to discount department stores
  - limited exposure to discretionary retail tenants (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

Development opportunities

Only 31% of HomeCo Daily Needs REIT's ~630,000sqm land bank is currently converted to GLA[1, 2]

Pad sites

- Pad developments are the construction of new standalone tenancies outside the existing building in the car park. Examples include:
  - Services (e.g. childcare centres and government services)
  - Quick service restaurants (e.g. KFC, Guzman y Gomez, McDonalds)

McDonalds pad site

Expansions

- Expansion projects comprise the development of multiple tenancies either via new building developments or building extensions on vacant land or excess car parks

Gregory Hills Town Centre

Town centres

- Town centre developments encompass large scale projects on an existing site for new tenancies outside the existing building

HomeCo Richlands

Source: HMC filings as at 30-Sep-20

Note: 1. Ratio of GLA to site area, where GLA does not include carparks. 2. Includes all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition.

Photo: HomeCo Braybrook

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Financials

Statements of profit and loss

Statutory and pro forma 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[1]
Property rental income	35,980	31,042
Straight lining of rental income and amortisation of 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)**	**16,749**

Reconciliation to FFO

A$ 000s	Statutory forecast – Completion Date to 30 June 2021[1]	Pro forma forecast – 6 months to 30 June 2021[1]
Net (loss) / profit	**(7,316)**	**16,749**
Acquisition and transaction costs[2]	26,681	-
Straight lining of rental income and amortisation of lease incentives	(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
Funds From Operations (FFO)	**18,849**	**16,304**

Key metrics

FFO per Unit (cents)	3.9	3.4
FFO payout ratio (%)	109%	107%
Distributions per Unit (cents)	4.2	3.6
Annualised distribution yield (%)[5]	5.5%	5.5%

HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of between 90 – 100% of FFO once the portfolio is fully stabilised

Source: HomeCo Daily Needs REIT Financial Information. Definitions: Completion = completion of the in-specie distribution and capital raising. Completion Date = the date on which Completion occurs, assumed to be 26 November 2020
Notes: 1. The difference between the Statutory and the Pro Forma Forecast Statement of Profit and Loss for the periods to 30-Jun-21 represents $(26.7)m of transaction costs plus $2.6m of net profit (excluding acquisition and transaction costs) from Completion Date to 31-Dec-20. 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 Apr-21. Ellenbrook is assumed to open after 30-Jun-21. Property rental income for the property in Richlands is forecast to commence in Apr-21 based on the contractual terms of each existing signed lease, signed MOUs and issued MOUs. 2. Expensed acquisition and transaction costs reflect stamp duty, transfer duty and advisers' fees totaling $26.7 million. 3. In the period from the Completion Date to 30-Jun-21, $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 and $0.3 million lease liabilities interest. 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 and $0.2 million lease liabilities interest. 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. 5. The yields for the periods from the Completion Date to 30-Jun-21 and for the 6 months to 30-Jun-21 have been calculated as the annualised amounts of the distributions expected to be paid for the quarters ending 31-Mar-21 and 30-Jun-21 (i.e. multiplied by 365 and divided by 216 days from Completion Date to 30-Jun-21, and 181 days for 6 months to 30-Jun-21 respectively), divided by the Offer Price. The distribution paid for the quarter ending 31-Mar-21 will be pro rata for the period from the Completion Date to 31-Mar-21.

Pro forma statement of financial position

Pro forma statement of financial position at the Completion Date

	A$ 000s
Cash and cash equivalents	5,000
Rental guarantees[1]	1,819
Current Assets	**6,819**
Investment properties[2]	825,040
Right-of-use assets[3]	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[7]	(26,681)
Total Equity	**640,885**

Key metrics

Units on issue (millions)	484
NTA per unit (A$)[7]	$1.33
Gearing (%)[8]	**26.2%**

Source: HomeCo Daily Needs REIT Financial Information. Definitions: Completion = completion of the in-specie distribution and capital raising. Completion Date = the date on which Completion occurs, assumed to be 26 November 2020
Notes: 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 HICT 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 independent valuations. 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 transaction. 7. Net Tangible Assets (NTA) per Unit is calculated as net assets 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.

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Supplementary information

Home Co.

HMC strategic rationale

The in-specie distribution of HomeCo Daily Needs REIT provides the foundation for the next phase of HMC's 'Own, Develop and Manage' strategy

HomeCo (HMC.ASX)

- Owner, manager and developer of diversified property investments including HomeCo Daily Needs REIT and HealthCo
- Demonstrated track record of performance since IPO
  - HMC (+6.6%)
  - ASX 200 (-3.7%)
  - ASX 200 A-REIT (-13.1%)
- The establishment of HomeCo Daily Needs REIT progresses HMC towards a capital light model with diversified income streams across rental income, co-investments and management fees
- Establishes a platform for HMC to unlock additional value and growth through capital recycling including the introduction of external capital into HealthCo

HomeCo Daily Needs REIT (HDN.ASX)

- HomeCo Daily Needs REIT provides a portfolio of stabilised, predominately metro-located and convenience based assets targeting consistent and growing distributions
- Model Portfolio - diversification across sub-sectors (neighbourhood, large format retail and health & services), tenants and geographies
  - ~$844m[1] of assets at the time of the IPO in November
- Managed by HMC, which has a track record of value-add portfolio management
- Balance sheet capacity to take advantage of acquisition, consolidation and development opportunities

Source: IRESS, Bloomberg total shareholder returns market data as at 9-Oct-20
Notes: 1. Based on independent valuations as at 30-Sep-20 for all HomeCo Daily Needs REIT assets including the recent acquisitions: Glenmore Park Town Centre NSW and Gregory Hills Town Centre NSW, and the proposed acquisition.

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
Termination Fee	2 years of Management Fees

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 years of Management Fees

No acquisition fees charged on the three acquisition properties[2]

Note: 1. Excludes GST. 2. Glenmore Park Town Centre NSW, Gregory Hills Town Centre NSW and the proposed acquisition.

HomeCo Daily Needs REIT | Asset summary

Glenmore Park Town Centre

State	NSW
Ind. value ($m)	149
WACR (%)	5.5%
Occupancy (%)	96.0%
WALE (years)	6.6
GLA (sqm)	17,225

Gregory Hills Town Centre

State	NSW
Ind. value ($m)	69
WACR (%)	5.5%
Occupancy (%)	100.0%
WALE (years)	9.9
GLA (sqm)	8,364

HomeCo Hawthorn East

State	VIC
Ind. value ($m)	68
WACR (%)	5.5%
Occupancy (%)	100.0%
WALE (years)	10.6
GLA (sqm)	11,482

HomeCo Vincentia

State	NSW
Ind. value ($m)	60
WACR (%)	6.0%
Occupancy (%)	97.2%
WALE (years)	5.8
GLA (sqm)	9,419

HomeCo Braybrook

State	VIC
Ind. value ($m)	58
WACR (%)	6.0%
Occupancy (%)	100.0%
WALE (years)	9.1
GLA (sqm)	13,441

Proposed acquisition

State	QLD
Ind. value ($m)	57
WACR (%)	-
Occupancy (%)	100.0%
WALE (years)	-
GLA (sqm)	-

Under exclusive DD

HomeCo Penrith

State	NSW
Ind. value ($m)	51
WACR (%)	6.0%
Occupancy (%)	100.0%
WALE (years)	5.2
GLA (sqm)	11,643

HomeCo Joondalup

State	WA
Ind. value ($m)	50
WACR (%)	6.8%
Occupancy (%)	97.6%
WALE (years)	8.9
GLA (sqm)	17,414

Source: HMC filings as at 30-Sep-20
Note: Independently valued as at 30-Sep20.

HomeCo Daily Needs REIT | Asset summary (continued)

HomeCo Mornington

State	VIC
Ind. value ($m)	47
WACR (%)	6.0%
Occupancy (%)	99.5%
WALE (years)	11.1
GLA (sqm)	11,136

HomeCo Keysborough

State	VIC
Ind. value ($m)	41
WACR (%)	6.3%
Occupancy (%)	100.0%
WALE (years)	10.5
GLA (sqm)	12,142

HomeCo Butler

State	WA
Ind. value ($m)	41
WACR (%)	6.8%
Occupancy (%)	94.2%
WALE (years)	9.1
GLA (sqm)	17,430

HomeCo Prestons

State	NSW
Ind. value ($m)	37
WACR (%)	5.5%
Occupancy (%)	100.0%
WALE (years)	7.7
GLA (sqm)	5,169

HomeCo Tingalpa

State	QLD
Ind. value ($m)	33
WACR (%)	6.5%
Occupancy (%)	99.0%
WALE (years)	6.2
GLA (sqm)	10,434

HomeCo Rosenthal

State	VIC
Ind. value ($m)	31
WACR (%)	5.5%
Occupancy (%)	98.0%
WALE (years)	8.3
GLA (sqm)	4,810

HomeCo Parafield

State	SA
Ind. value ($m)	19
WACR (%)	7.5%
Occupancy (%)	100.0%
WALE (years)	6.0
GLA (sqm)	15,539

Source: HMC filings as at 30-Sep-20
Note: Independently valued as at 30-Sep20.

HomeCo Daily Needs REIT | Asset summary (continued)

HomeCo Richlands

State	QLD
Ind. value ($m)	24
WACR (%)	6.5%
Occupancy (%)	77.7%
WALE (years)	12.4
GLA (sqm)	12,503

HomeCo Ellenbrook

State	WA
Ind. value ($m)	13
WACR (%)	7.0%
Occupancy (%)	56.1%
WALE (years)	9.4
GLA (sqm)	12,269

Development assets

Source: HMC filings as at 30-Sep-20
Note: Independently valued as at 30-Sep20.

Specific assumptions

Risk	Commentary
Rental income	■ Rental income comprises the majority of the REIT's revenue and is generated through operating leases. Rental income includes outgoing recoveries ■ Rental income has been forecast on a property-by-property basis and is based on the contractual terms of each existing signed lease, signed MoUs ■ Rental receipts are assumed to increase according to the relevant underlying leases. The Portfolio has fixed, CPI and supermarket turnover based rental reviews
Straight-line lease adjustments 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 management'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 lease or signed MOU is not assumed to be let up in the forecast period
Lease incentives	■ In accordance with AAS, lease incentives are capitalised and amortised on a straight-line basis over the term of the lease
Property outgoings	■ Outgoings have been forecast on a property-by-property basis having regard to current outgoings and in accordance with the provisions of each existing lease agreement. Outgoings, exclusive of non-recurring or one-off items, are forecast to increase in line with known increases to statutory rates and taxes, as agreed in existing service contracts, or by CPI
Other income	■ Includes costs which are assumed to be directly recoverable from tenants in accordance with their underlying lease (including heating, ventilation and air conditioning and security costs)
Management fees	■ See page 24
Other corporate expenses	■ Corporate expenses include Directors' fees, staff salaries and incentives audit fees, legal fees, valuation fees, share registry fees, ASX listing fees, tax and compliance fees, insurance, and other costs which the REIT expects to incur. These other expenses have been forecast based on relevant agreements and quotes from external parties where possible, or in reference to prior year expenditure ■ Corporate expenses are assumed to increase in-line with CPI

Specific assumptions (continued)

Risk	Commentary
Net interest expense related to borrowings	■ Borrowings under the new Debt Facility are forecast to incur an all-in average interest rate of 2.5% per annum inclusive of margins, commitment fees and forecast hedging arrangements
Tax	■ The REIT is treated as a trust for Australian tax purposes. Under current Australian income tax legislation, the REIT is not liable for Australian income tax, including capital gains tax, provided that Unitholders are presently entitled to the income of the REIT as determined in accordance with the REIT Constitution ■ Accordingly, no allowance for income tax has been made
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 ■ Transaction costs have been estimated at $45 million based on existing agreements and quotes
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 ■ Development capital expenditure includes planning costs, consultant fees, incentives and construction costs for the centres under development in Ellenbrook and Richlands and remaining vacancy at operating centres
Capitalised development property costs	■ Treatment of holding costs related to the centres under development in Ellenbrook and Richlands as capital expenditure
Distributions	■ HomeCo Daily Needs REIT expects to target a normalised distribution payout ratio of between 90 – 100% of FFO once the portfolio is fully stabilised ■ 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 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
Distribution yield	■ The rate of return derived by dividing the Distribution per Unit by the Offer Price

Summary of key risks

Risk	Commentary
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 the financials section and may decline over time
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 HomeCo Daily Needs 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 income statement, any decreases in value would have a corresponding effect on the income statement 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
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

Summary of key risks (continued)

Risk	Commentary
Relationship with HomeCo	■ HomeCo is expected to retain a substantial Unitholding in the REIT. As such, HomeCo and its associates are likely to have the ability to 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, co-owner of certain Properties, manager of 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 the PDS, these agreements were negotiated between affiliated entities
HomeCo Daily Needs REIT may not be able to meet its forecasts	■ The forward-looking statements, opinions and estimates provided in the financials section, including the Forecast Financial Information, rely on various factors, many of which are outside the control of 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
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 HomeCo Daily Needs REIT's Portfolio ■ To mitigate this risk, HomeCo Daily Needs REIT's portfolio has been weighted towards 'essentials' tenants including supermarkets, pharmacies and childcare
Other risks	■ A number of other general investment risks will be discussed in the PDS