



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

13 September 2021

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ACQUISITION OF DAILY NEEDS PORTFOLIO AND INSTITUTIONAL PLACEMENT

- Acquisition of 100% interest in 6 daily needs assets for a total purchase price of \$222.0 million, representing a weighted average acquisition capitalisation rate of 5.78% (**Acquisitions**)
 - 80% exposure¹ to major national tenants including Coles, JB Hi-Fi, Spotlight & Super Retail Group
 - Increases exposure to strategic growth corridors & accretive brownfield development opportunities
 - Highly secure income via long WALE of 7.1 years¹, 99.5% occupancy² and a fixed WARR of 3.3%³
 - Two stabilised and fully leased LFR assets being acquired from HMC at Jun-21 carrying value which represents a 16.8% discount⁴ to Sep-21 draft independent valuation⁵
- Undertaking a fully underwritten placement to raise \$88.3 million (**Placement**) at an issue price of \$1.61 (**Issue Price**) per unit (**New Unit**) to partially fund the Acquisitions and associated transaction costs
 - Acquisitions and Placement anticipated to be 3% accretive to FY22 FFO/unit⁶
 - FY22 DPU guidance upgraded from 8.0 cents to 8.25 cents
 - Pro forma Jun-21 gearing of 36.0% within the 30–40% target gearing range⁷
- Transaction is expected to further increase market free-float and liquidity following recent confirmations that HDN will be included in the S&P/ASX 300 and FTSE EPRA NAREIT indices on 17 September 2021⁸

ACQUISITIONS

HDN Fund Portfolio Manager Paul Doherty said: *“The acquisitions and placement announced today are consistent with HDN’s strategy to secure high-quality daily needs focused assets which complement our model portfolio and deliver stable and growing distributions. The acquisition properties were all secured off market and offer highly defensive and growing income streams via long-term leases to major national tenants, high occupancy and embedded rental growth through fixed annual rental reviews of 3.3%³. Furthermore, the assets are strategically located in key growth corridors with low site coverage, which provides further upside potential from future accretive brownfield development.”*

¹ By gross income for signed leases and MOUs.

² By GLA for signed leases and signed MOUs. Includes rental guarantees. 98.3% occupancy excluding rental guarantees.

³ Across 73% of the portfolio by income.

⁴ Sep-21 draft independent valuation of \$47.6m for two assets being acquired from HMC versus purchase price of \$39.6m which reflects HMC’s Jun-21 carrying value.

⁵ Independent valuation as at Sep-21. Currently in draft form pending finalisation.

⁶ Accretion statements assume HDN undertakes offers under its distribution reinvestment plan (DRP) (announced on 13 September 2021) through the course of FY22. Assumes DRP issue price in-line with Issue Price and DRP take-up of 24.1% in Sep-21 (in-line with Home Consortium Limited’s (HMC) percentage holding in HDN, diluted for the Placement, for which it has committed to participate) and fully underwritten for Dec-21, Mar-22 and Jun-22 (such underwriting by HMC being subject to unitholder approval).

⁷ Gearing includes DRP proceeds (refer footnote 6).

⁸ After market close on 17 September. Effective prior to the open of trading on 20 September 2021.

Refer to the investor presentation for additional information on the acquisition properties.

FINANCIAL IMPACT

The Acquisitions and Placement are anticipated to be accretive to FY22 FFO/unit and FY22 DPU guidance:

- 3% accretive to FY22 FFO/unit⁹
- FY22 DPU guidance upgraded from 8.0 cents to 8.25 cents

Pro-forma Jun-21 gearing of 36.0%¹⁰ within the 30–40% gearing range

INSTITUTIONAL PLACEMENT

HDN is undertaking a fully underwritten Placement to raise \$88.3 million at an Issue Price of \$1.61 per New Unit to partially fund the Acquisitions and associated transaction costs.

The Issue Price represents a:

- 3.3% discount to the last close price of \$1.665 on 10 September 2021.
- 2.6% discount to the 5 day VWAP of \$1.6533 on 10 September 2021.

The New Units will be entitled to the distribution of 2.0 cents per unit which is expected to be declared for the quarter ending 30 September 2021 and will rank equally in all respects with HDN's existing ordinary units from the date of allotment.

Timetable

Event	2021
Announcement of the Placement	Monday 13 September
Placement bookbuild	Monday 13 September
Settlement of New Units issued under the Placement	Thursday 16 September
Allotment and normal trading of New Units issued under the Placement	Friday 17 September

The above timetable is indicative only and subject to change. The commencement and quotation of New Units is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, HomeCo Daily Needs REIT reserves the right to amend this timetable at any time, either generally or in particular cases, without notice.

Investor and analyst briefing call

An investor briefing teleconference call, followed by a Q&A session, will be held today at 10:30am (Sydney time). Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10016596-urtw5dd.html>

-ENDS-

⁹ Accretion statements assume HDN undertakes offers under its distribution reinvestment plan (DRP) (announced on 13 September 2021) through the course of FY22. Assumes DRP issue price in-line with Issue Price and DRP take-up of 24.1% in Sep-21 (in-line with Home Consortium Limited's (HMC) percentage holding in HDN, diluted for the Placement, for which it has committed to participate) and fully underwritten for Dec-21, Mar-22 and Jun-22 (such underwriting by HMC being subject to unitholder approval).

¹⁰ Gearing includes DRP proceeds (refer footnote 9)

For further information, please contact:

INVESTORS

Misha Mohl
Group Head of Strategy & IR
+61 422 371 575
misha.mohl@home-co.com.au

Will McMicking
Group Chief Financial Officer
+61 451 634 991
william.mcmicking@home-co.com.au

MEDIA

John Frey
Corporate Communications Counsel
+61 411 361 361
john@brightoncomms.com.au

Authorised for release by the Board of the Responsible Entity

About HomeCo Daily Needs REIT

HomeCo Daily Needs REIT is an Australian Real Estate Investment Trust listed on the ASX with a mandate to invest in convenience-based assets across the target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services. HomeCo Daily Needs REIT aims to provide unitholders with consistent and growing distributions.

Important Notice - Forward-Looking Statements

*This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of HomeCo Daily Needs REIT. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. Refer to the section entitled 'Key risks' in HomeCo Daily Needs REIT's investor presentation dated 13 September 2021 (**Investor Presentation**) for a summary of certain risk factors that may affect HomeCo Daily Needs REIT.*

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to HomeCo Daily Needs REIT as at the date of this announcement. Except as required by applicable laws or regulations, HomeCo Daily Needs REIT does not undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances. Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and it is not indicative of future performance, including future unit prices.

Not for distribution or release in the United States

*This announcement may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any units in the United States or any other jurisdiction in which such an offer would be illegal. The units referred to in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the*

United States or to any person acting for the account or benefit of any person in the United States unless the securities have been registered under the Securities Act (which HomeCo Daily Needs REIT has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

General

In addition, this announcement is subject to the same “Important Notice and Disclaimer” as appears on slides 1 to 2 of the Investor Presentation with any necessary contextual changes.