Home Co. Daily Needs REIT

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

ACQUISITION AND EQUITY RAISING PRESENTATION

HomeCo Daily Needs REIT (ASX: HDN) provides the attached Acquisition and Equity Raising Presentation.

-ENDS-

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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.

HomeCo.
Daily Needs
REIT

Acquisition and equity raising presentation

13 September 2021

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This presentation (**Presentation**) has been prepared by HMC Funds Management Limited (ACN 105 078 635, AFSL 237257) (**HFML**) as responsible entity of HomeCo Daily Needs REIT (ARSN 645 086 620) (**HDN**) in connection with an institutional placement of new fully paid ordinary units in HDN (**New Units**) (**Placement**) for the purpose of funding the acquisition of various properties as set out in further detail in this Presentation (**Acquisition**). The Placement is fully underwritten by Goldman Sachs Australia Pty Ltd (ACN 006 797 897) and Jefferies (Australia) Pty Ltd (ACN 623 059 898) (together, the **Joint Lead Managers**).

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Home Co. Daily Needs REIT

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Each Joint Lead Manager and its respective affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Joint Lead Managers and their affiliates have provided, and may in the future provide, financial advisory services, financing services and other services to HFML, HDN and to persons and entities with relationships with HFML and HDN, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, each Joint Lead Manager and its respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of HFML or HDN, and/or persons and entities with relationships with HFML or HDN. Each Joint Lead Manager and its respective affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. One or more entities within a Joint Lead Manager's group act as a lender or counterparty to HFML, HDN or their affiliates and may now or in the future provide financial accommodation or services to HFML, HDN or their affiliates.

In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Units (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those units. A Joint Lead Manager or its respective affiliates may, for their own respective accounts, write derivative transactions with those investors relating to the New Units to provide the Economic Interest, or otherwise acquire units in HDN in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the relevant Joint Lead Manager or its affiliates may be allocated, subscribe for or acquire New Units or units of HDN in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other units in HDN acquired by the relevant Joint Lead Manager or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the relevant Joint Lead Manager or its affiliates disclosing a substantial holding and earning fees.

Each Joint Lead Manager and/or their respective affiliates may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as a lead manager to the Placement.

Transaction overview

Acquisitions	
	HMC Funds Management Limited, as responsible entity of HomeCo Daily Needs REIT (HDN), has entered into agreements to acquire a 100% interest in a portfolio of 6 assets (Acquisition Portfolio) for a total **purchase price of $222.0 million**, representing a weighted average **acquisition capitalisation rate of 5.78%**

The Acquisition Portfolio consists of:

- Woodlea Town Centre, VIC ($55.4m, 5.25% cap rate): New Coles-anchored neighbourhood centre located in Melbourne's Western growth corridor
- Pakenham Lifestyle Centre, VIC ($98.5m, 6.00% cap rate): LFR centre located in Melbourne's southeast growth corridor. Pakenham is expected to settle 1-Dec-21
- HomeCo LFR assets
  - HomeCo Coffs Harbour, NSW ($22.4m, 6.50% cap rate)[1]: Anaconda and Sydney Tools anchored LFR centre
  - HomeCo Lismore, NSW ($17.2m, 7.00% cap rate)[1]: Spotlight, PetStock and BCF anchored LFR centre
  - HomeCo LFR assets are being acquired at a 16.8% discount to Sep-21 draft independent valuation[2]
- Strategic adjoining property acquisitions:
  - Armstrong Creek Dan Murphy's and Quick Service Restaurants ("QSR"), VIC ($21.5m, 5.00% cap rate): Adjacent to the Armstrong Creek Shopping Centre that HDN acquired in Apr-21
  - Upper Coomera Hungry Jacks, QLD ($7.0m, 3.86% cap rate): Freestanding underutilised pad site located between HomeCo Coomera City Centre and HomeCo Upper Coomera

Acquisition Portfolio **complements Model Portfolio through increased diversification, scale and exposure to major national tenants (80% of income) on strategically located sites**

Notes: 1. Purchase price agreed at HMC Jun-21 book value. 2. Independent valuation as at Sep-21. Currently in draft form pending finalisation.

Transaction overview

Equity raise size and pricing	▪ The Acquisitions will be partially funded through a **$88.3 million fully underwritten placement (Placement)** ▪ The issue price of $1.61 per New Unit (Issue Price) represents a: – 3.3% discount to the last close price of $1.6650 on 10 September 2021 – 2.6% discount to the 5 day VWAP of $1.6533 on 10 September 2021
Financial impact	▪ Acquisitions and Placement are anticipated to be accretive to FY22 FFO/unit and FY22 DPU guidance: – **3% accretive to FY22 FFO/unit[1]** – **FY22 DPU guidance upgraded from 8.0cpu to 8.25cpu reflecting FFO/unit accretion** ▪ Gearing maintained within the 30–40% target range – Pro-forma 30-Jun-21 balance sheet **gearing of 36.0% post-transaction and DRP underwrite (refer below)**
Distribution and ranking	▪ The New Units will rank equally in all respects with existing units from the date of allotment and will be entitled to the distribution for the quarter ending 30 September 2021 ▪ **The New Units will be entitled to the distribution of 2.0 cents/unit which is expected to be declared for the quarter ending 30-Sep-21**
Risks	▪ Please refer to Appendix A for Key Risks associated with the transaction
DRP	▪ HDN has announced the establishment of a distribution reinvestment plan (DRP) ▪ Sep-21 DRP (not underwritten) – HMC has committed to participate in the Sep-21 DRP for its 24.1%[2] pro-rata share of the distribution ▪ HDN has entered into an underwriting agreement with Home Consortium Limited (HMC) to underwrite 100% of fully paid ordinary units under the DRP in relation to the Dec-21, Mar-22 and Jun-22 distributions, subject to unitholder approval (DRP Underwriting Agreement) ▪ Please refer to Appendix D for further details of the DRP Underwriting Agreement

Notes: 1. Accretion statements assume DRP issue price for the next 4 distributions in line with Issue Price and DRP take-up of 24.1% in Sep-21 in line with HMC's percentage holding in HDN (diluted for the Placement) and fully underwritten for Dec-21, Mar-22 and Jun-22. 2. Reflects HMC's holding (diluted for Placement)

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Strategic rationale for transaction

1 **High quality strategic acquisitions**	✓ High quality assets underpinned by 80% exposure to major national tenants including Coles and JB Hi-Fi – 99.5% occupancy[1] and 88% contracted rental escalations[2] (fixed WARR across 73% of portfolio of 3.3%) – Low site coverage of 34.4% providing potential to unlock additional value through development ✓ **Strong cash collection supported by rental guarantees improves cash flow certainty and diversification**
2 **Strong alignment to model portfolio**	✓ Acquisitions provide **exposure to metro high population growth corridors** including Pakenham, VIC and Woodlea, VIC ✓ Strategic adjoining property acquisitions **consolidate HDN's existing holdings** in Upper Coomera, QLD and Armstrong Creek, VIC and provide further flexibility to unlock land value ✓ HomeCo LFR assets acquired at a $8.0 million or 16.8%[3] discount to Sep-21 draft independent valuation
3 **FFO and DPU accretive**	✓ Acquisition Portfolio and Placement anticipated to be **3% accretive to FY22 FFO/unit[4]** ✓ **FY22 DPU guidance upgraded from 8.0cpu to 8.25cpu** ✓ **Jun-21 pro-forma gearing of 36.0% post-transaction** within the 30-40% target gearing range
4 **Positioned for future growth**	✓ HDN portfolio valuation growth of 112% since IPO in Nov-20 with a demonstrated ability to originate off market transactions at attractive valuations ✓ HDN property portfolio well positioned for further valuation and NTA upside ✓ $130m+ pipeline of accretive pad site developments
5 **Increased market capitalisation and free float**	✓ HDN announced to be included in the upcoming S&P/ASX 300 & FTSE EPRA NAREIT index rebalance in September ✓ Transaction is expected to further increase diversity of register, liquidity and market free-float

Notes: 1. By GLA and including rental guarantees. 2. Includes both fixed and CPI rental escalations, 3. Independent valuation as at Sep-21. Currently in draft form pending finalisation. 4. Accretion statements assume DRP issue price for the next 4 distributions in line with Issue Price and DRP take-up of 24.1% in Sep-21 in line with HMC's percentage holding in HDN (diluted for the Placement) and fully underwritten for Dec-21, Mar-22 and Jun-22 .

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Acquisition overview

Centre	State	Estimated Settlement	Cap Rate (Acq.)	Purchase Price	Cap Rate (Sep-21)	Independent draft valuation (Sep-21)[1]	Occupancy[2]	WALE[3]	Site coverage	Rental guarantee (RG)
Woodlea Town Centre	VIC	24-Sep-21	5.25%	55.4	5.25%	55.4	100.0%	10.7	31.4%	12 month RG on vacancy
Armstrong Creek Dan Murphy's and QSR	VIC	1-Dec-21	5.00%	21.5	5.00%	21.5	89.7%	8.8	26.6%	
Coomera Hungry Jacks	QLD	1-Nov-21	3.86%	7.0	3.86%	7.0	100.0%	2.7	6.4%	
HomeCo Coffs Harbour	NSW	1-Oct-21	6.50%	22.4	5.75%	27.0	100.0%	8.4	40.4%	12 month RG on NOI
HomeCo Lismore	NSW	1-Oct-21	7.00%	17.2	6.00%	20.6	100.0%	5.4	25.3%	12 month RG on NOI
Pakenham Lifestyle Centre	VIC	1-Dec-21	6.00%	98.5	6.00%	98.5	100.0%	5.3	40.3%	12 month RG of up to ~$2.75m
Total acquisitions			**5.78%**	**222.0**	**5.63%**	**230.0**	**99.5%**	**7.1**	**34.4%**	

HomeCo Coffs Harbour and HomeCo Lismore acquired at a $8.0 million or 16.8% discount to Sep-21 draft independent valuations[1], demonstrating strong alignment between HDN and the manager (HMC)

Notes: 1. Independent valuation as at Sep-21. Currently in draft form pending finalisation. 2. By GLA for signed leases and signed MOUs. Includes rental guarantees. 98.3% occupancy excluding rental guarantees. 3. By gross income for signed leases and signed MOUs.

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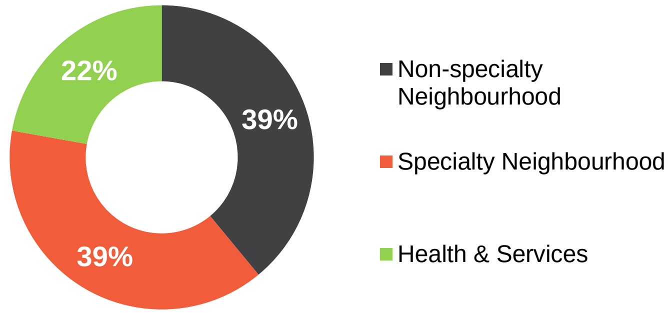
Woodlea Town Centre (VIC)

Summary

Description	▪ Newly completed neighbourhood centre which opened in March 2021 and is fully integrated into the rapidly growing Woodlea masterplanned community ▪ Centre is anchored by a Coles supermarket on a 15-year lease with options until March 2066
Purchase price	▪ $55.4 million representing a 5.25% cap rate
Expected completion	▪ 24-Sep-21
Occupancy	▪ 100%[1] –12-month rental guarantee on vacancies – 95% occupancy (excl. rental guarantees)[1]
Land area	▪ 27,336 sqm
GLA	▪ 8,582 sqm (~31% coverage ratio)
WALE	▪ 10.7 years[2]

Tenant mix[3]



Key tenants

coles

TerryWhite Chemmart

ANYTIME FITNESS

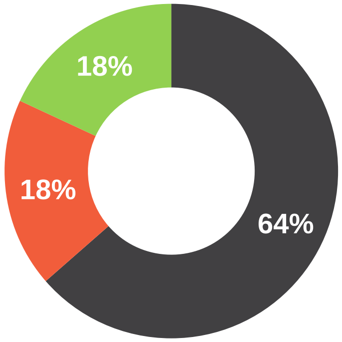
1. By GLA. 2. As at 30-Jun-21 across signed leases and MOUs. 3. By gross income for signed leases and MOUs

Pakenham Lifestyle Centre (VIC)

Summary

Description	▪ Highly convenient LFR centre located 53km from the CBD in the growing southeast area of Melbourne. Conveniently located with a 238m frontage to Princes Highway, a major arterial road that feeds into the M1 motorway accessing Melbourne ▪ 83% of income from national tenants ▪ Existing lease to HICT (former Masters tenancy) to be collapsed as part of the acquisition, generating an additional $160,000 p.a. in property NOI to HDN from tenants above the existing HICT lease payments
Purchase price	▪ $98.5 million acquired on a 6.0% cap rate – 12 month rental guarantee up to $2.75 million ▪ Expected completion in 1-Dec-21
Expected completion	▪ 1-Dec-21
Occupancy	▪ 100%[1] – 100% occupancy (excl. rental guarantees)
Land area	▪ 76,220 sqm
GLA	▪ 30,716 sqm (~40% coverage ratio)
WALE	▪ 5.3 years[2]

Tenant mix[3]



Key tenants

1. By GLA. 2. As at 30-Jun-21 across signed leases and MOUs. 3. By gross income for signed leases and MOUs

HomeCo LFR assets

Acquired at a $8.0 million or 16.8% discount to Sep-21 draft independent valuations demonstrating strong alignment between HDN and the manager (HMC)

	HomeCo LFR assets	
	HomeCo Coffs Harbour, NSW	**HomeCo Lismore, NSW**
Description	▪ Anaconda and Sydney Tools anchored LFR centre conveniently located on Pacific Highway	▪ Spotlight, PetStock and BCF anchored LFR centre ▪ Further development upside through low site coverage ratio of 25% and development approval for pad site expansion
Valuation[1]	▪ Purchase price: $22.4m ▪ Draft independent val: $27.0m	▪ Purchase price: $17.2m ▪ Draft independent val: $20.6m
Cap rate[1]	▪ Acquisition: 6.5% ▪ Draft independent val: 5.75%	▪ Acquisition: 7.5% ▪ Draft independent val: 6.5%
Expected completion	▪ Oct-21	▪ Oct-21
Occupancy[2]	▪ 100%	▪ 100%
Land area	▪ 24,270 sqm	▪ 34,750 sqm
GLA	▪ 9,813 sqm	▪ 8,784 sqm
Site coverage ratio	▪ 40%	▪ 25%
WALE[3]	▪ 8.4 years	▪ 5.4 years
Key tenants	ANACONDA, SYDNEY TOOLS, mazda	SPOTLIGHT, BCF, pet stock, Repco

HomeCo Lismore, NSW

HomeCo Coffs Harbour, NSW

Notes: 1. Purchase price agreed at HMC Jun-21 book value. Independent valuation as at Sep-21. Currently in draft form pending finalisation. 2. By GLA. 3. By gross income for signed leases and MOUs

Strategic adjoining properties

Acquisitions consolidate HDN's existing holdings in Upper Coomera and Armstrong Creek and provide further flexibility to unlock land value

	Strategic adjoining property acquisitions	
	Armstrong Creek, VIC	**Coomera, QLD**
Description	▪ Located 70km southwest of the Melbourne CBD and 10km south of Geelong ▪ Pad site adjacent to Armstrong Creek Shopping Centre, a Coles anchored centre which HDN acquired in Apr-21	▪ Freestanding Hungry Jacks pad site located between HomeCo Coomera City Centre and HomeCo Upper Coomera ▪ Aggregates property ownership in the Coomera retail precinct through securing a high-profile corner land holding providing control of future development
Purchase price	▪ $21.5 million	▪ $7.0 million
Cap rate	▪ 5.00%	▪ 3.86%
Expected completion	▪ Dec-21	▪ Nov-21
Occupancy[1]	▪ 89.7%	▪ 100%
Land area	▪ 10,929 sqm	▪ 4,050 sqm
GLA	▪ 2,903 sqm	▪ 260 sqm
Site coverage ratio	▪ 27%	▪ 6%
WALE[2]	▪ 8.8 years	▪ 2.7 years
Key tenants		

Coomera Hungry Jacks Pad Site, QLD

Armstrong Creek Dan Murphy's and QSR, VIC

1. By GLA. 2. By gross income for signed leases and MOUs

Sources and uses

Sources of funds	$m
Placement	88.3
Debt	46.2
Total sources (excl. Pakenham)	**134.5**
DRP	53.8
Debt	52.1
Total sources	**240.4**

Uses of funds	$m
Acquisitions (excl. Pakenham)	123.5
Stamp duty	8.0
Transaction costs[1]	3.0
Total uses (excl. Pakenham)	**134.5**
Acquisition (Pakenham)	98.5
Stamp duty	6.4
Acquisition fee	1.0
Total uses	**240.4**

Notes: 1. Includes equity raise fees, HMC acquisition fee and other advisor costs

Woodlea Town Centre, VIC

Armstrong Creek Dan Murphy's and QSR, VIC

Indicative 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 Securities is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules. HDN reserves the right to amend this timetable at any time, either generally or in particular cases, without notice

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Further Information

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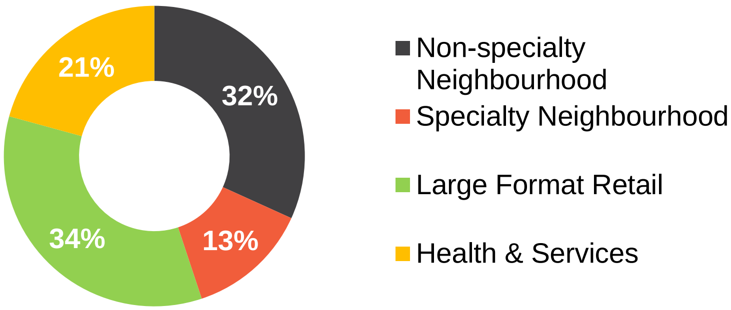
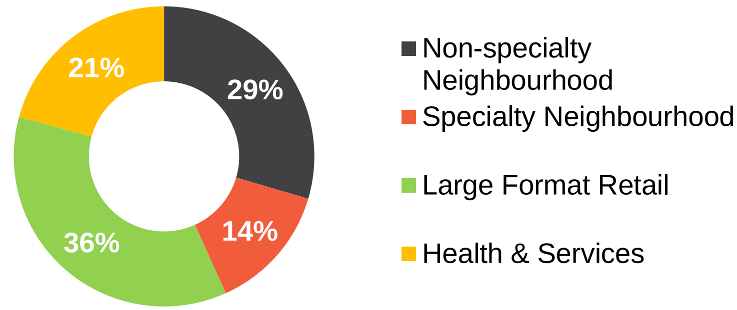
Portfolio impacts

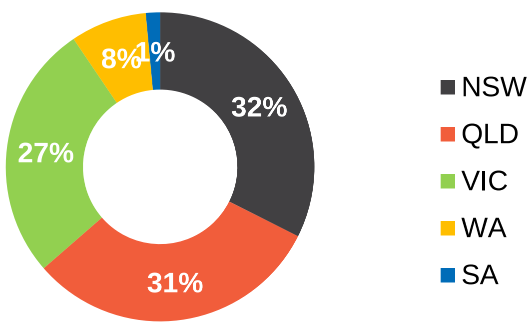
HDN tenancy composition pre-transaction (by income)[1]



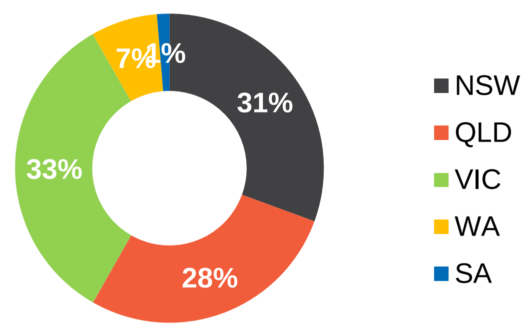
HDN tenancy composition post-transaction (by income)[1]



HDN geographic mix pre-transaction (by value)



HDN geographic mix post-transaction (by value)



Notes: 1. Gross income for signed leases and signed MOUs.

Portfolio impacts

	HDN (30-Jun-21 PF)[1]	Acquisitions (Sep-21)[2]	Pro forma HDN (30-Jun-21)
Portfolio valuation	$1,556m	$230m	$1,786m
Portfolio WACR	5.63%	5.63%	5.63%
Portfolio WALE[3]	7.6	7.1	7.5
Occupancy[4]	99.3%	99.5%	99.3%
Rent review composition[4]: (Fixed / CPI / Turnover)	65% / 16% / 19%	73% / 15% / 12%	66% / 16% / 18%
GLA (sqm)	348,103	61,058	409,161
Site coverage ratio	31%	34%	32%

Notes: 1. Includes acquisitions settled post 30-Jun-21 including LFR Portfolio (7 assets) announced Apr-21 and Victoria Point (QLD) announced in Jul-21 but excludes Acquisitions announced in this Presentation. 2. Acquisitions Portfolio included purchase price with the exception of HomeCo Coffs Harbour and HomeCo Lismore which are included at Sep-21 draft independent valuations. 3. By gross income for signed leases and signed MOUs. 4. By GLA and includes rental guarantees. Excludes Richlands and Ellenbrook as sites are in post-development stabilisation

Pro-forma Balance Sheet

Jun-21 pro-forma gearing maintained at mid-point of target 30–40% gearing range[3]

Jun-21 pro-forma gearing

$m	Jun-21 PF[1]	Acquisitions (excl. Pakenham)	Lismore / Coffs Harbour val. uplift	Jun-21 PF	Pakenham acquisition	DRP (Sep-21)[2]	DRP (Dec-21, Mar-22 and Jun-22)[2]	Jun-21 PF
Cash and cash equivalents	5.5			5.5				5.5
Other assets	1.5			1.5				1.5
Trade and other receivables	3.7			3.7				3.7
Assets held for sale	14.1			14.1				14.1
Current assets	**24.8**	**-**	**-**	**24.8**	**-**	**-**	**-**	**24.8**
Investment properties	1,555.5	123.5	8.0	1,687.0	98.5			1,785.5
Other assets	1.0			1.0				1.0
Non-current assets	**1,556.5**	**123.5**	**8.0**	**1,688.0**	**98.5**	**-**	**-**	**1,786.5**
Total assets	**1,581.3**	**123.5**	**8.0**	**1,712.8**	**98.5**	**-**	**-**	**1,811.3**
Trade and other payables	19.0			19.0				19.0
Distributions payable	12.5			12.5			-	12.5
Current liabilities	**31.5**	**-**	**-**	**31.5**	**-**	**-**	**-**	**31.5**
Borrowings	546.8	46.2		593.0	105.9	(3.0)[4]	(49.7)	646.2
Lease liabilities	11.0			11.0				11.0
Non-current liabilities	**557.8**	**46.2**	**-**	**604.0**	**105.9**	**(3.0)**	**(49.7)**	**657.2**
Total liabilities	**589.3**	**46.2**	**-**	**635.5**	**105.9**	**(3.0)**	**(49.7)**	**688.7**
Net assets	**992.0**	**77.3**	**8.0**	**1,077.3**	**(7.4)**	**3.0**	**49.7**	**1,122.6**
Units on issue (m)	735.8	54.9		790.7		2.5	30.9	824.1
NTA per unit ($)	**$1.35**			**$1.36**				**$1.36**
Gearing[3]	**35.0%**			**35.0%**				**36.0%**

Illustrative valuation uplift

~25bps cap rate compression would result in **~$72m valuation uplift and reduce Jun-21 PF gearing down to 34.6%** from 36.0%

Pakenham acquisition expected to be debt funded and subsequently de-geared through:

- Future reinvestment under DRP expected to be undertaken for the remainder of FY22
- **Expected valuation gains**

Notes: 1. Pro-forma adjusted for LFR Acquisitions, Victoria Point acquisition and Jul-21 Placement (but excludes Acquisitions announced in this Presentation). 2. Assumes DRP issue price for the next 4 distributions in line with Issue Price and DRP take-up of 24.1% in Sep-21 in line with HMC's percentage holding in HDN (diluted for the Placement) and fully underwritten for Dec-21, Mar-22 and Jun-22 . 3. Gearing is calculated as: borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents. 4. Reflects $4.1m from DRP less $1.1m of debt funded Sep-21 distributions (reflecting New Units from Placement)

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Appendix A: Risks

HomeCo Daily Needs REIT

Key risks

This section discusses some of the key risks associated with an investment in HDN. A number of risks and uncertainties may adversely affect the operating and financial performance or position of HDN and in turn affect the value of HDN's units. These include specific risks associated with an investment in HDN and general risks associated with any investment in listed securities. The risks and uncertainties described below are not an exhaustive list of the risks facing HDN. Potential investors should carefully consider these risks, as well as those risks contained in section 7 of HDN's product disclosure statement dated 16 October 2020, HDN's Acquisitions and Equity Raising Presentation dated 19 April 2021 and HDN's Acquisition and Placement Presentation dated 5 July 2021 (all of which are available at www.asx.com.au), and those common in the industry, in deciding whether an investment in HDN is suitable having regard to their own personal investment objectives and financial circumstances and those risks.

Acquisitions may not complete

Completion of each Acquisition is conditional on certain matters. If any of the conditions precedent are not satisfied or waived, or take longer than anticipated to satisfy, completion of an Acquisition may be deferred or delayed, or may not occur on the current terms or at all. There can be no guarantee that HFML will obtain all necessary approvals to complete all of the Acquisitions within any particular timeframe, or at all, or that such approvals will be granted on terms that are acceptable to HFML or on an unconditional basis. If an Acquisition is not completed as a result of a failure to satisfy conditions (or otherwise), HFML will need to consider alternative uses for the proceeds of the Offer, or ways to return such proceeds to HDN Unitholders. If completion of an Acquisition is delayed, HFML may incur additional costs and it may take longer than anticipated for HDN to realise the benefits of that Acquisition. Any failure to complete, or delay in completing, an Acquisition and/or any action required to be taken to return capital raised to HDN Unitholders may have a material adverse effect on HDN's financial position and performance.

Acquisition information has been provided by the vendors

HFML undertook a due diligence process in respect of the Acquisitions, which relied in part on the review of financial and other information concerning the properties the subject of the Acquisitions, which was provided to HFML by the relevant vendors. Especially in relation to information received from third parties, HFML has not been able to verify the accuracy, reliability or completeness of all of the information which was provided to it against independent data. Similarly, HFML has prepared (and made assumptions in the preparation of) the financial information related to the assets included in this Presentation from financial and other information provided by the relevant vendors. If any of the data or information provided to and relied upon by HFML in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the performance of the properties may be materially different to the performance expected by HFML and reflected in this Presentation.

Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of an Acquisition have been identified and avoided or managed appropriately. Therefore there is a risk that unforeseen issues and risks may arise, which may also have a material impact on HDN. This could adversely affect the operations, financial performance or position of HDN.

Key risks

Analysis of the Acquisitions by HFML

HFML has undertaken financial, business and other analyses of the properties the subject of the Acquisitions in order to determine their attractiveness to HDN and whether to pursue the Acquisitions. It is possible that such analysis, and the best estimate assumptions made by HFML, draw conclusions and forecasts that are inaccurate or which will not be realised in due course. There is also a risk that acquired properties do not perform as expected due to a variety of factors including but not limited to tenants vacating the properties or tenant default. To the extent that the actual results achieved by the properties are different than those indicated by HFML's analysis, there is a risk that the profitability and future earnings of the operations of those properties and HDN in general may be materially different from the profitability and earnings reflected in this Presentation.

Further acquisitions and other growth opportunities

HFML intends to continue to identify other investment or corporate opportunities. While HFML will seek to undertake all reasonable and appropriate financial, business and other analyses of such potential opportunities, there is a risk that HMFL will not be able to identify suitable opportunities that align with HFML's strategic objectives, restricting HFML's ability to grow. Even if such opportunities are identified, they may not be able to be secured on appropriate terms, and if secured may not perform as expected due to a variety of factors. These factors may adversely affect the future financial performance or position of HDN. Acquisitions or combinations may also involve the issuance of units, which may dilute the holdings of existing unitholders.

Rental income may decline

HDN's primary source of income is generated through its leasing arrangement of the properties in its portfolio. HDN's revenue is largely dependent on the rents received from tenants across its portfolio, expenses incurred during operations and capital expenditure incurred. A number of factors may affect HDN's rental income and expenditure, including overall economic conditions (including CPI growth), local real estate conditions, the financial condition and solvency of tenants, ability to attract new tenants, ability to extend leases or replace outgoing tenants with new tenants, increases in rental arrears and vacancy periods, changes in retail tenancy laws and external factors including terrorist attacks, significant security breaches or a major world event.

There is a risk that rental income may be materially different to that expected. Rental income may decline for a number of reasons, including as a result of failure of existing tenants to perform existing leases in accordance with their terms, failure on the part of HDN to enforce contracted rent increases or agree market rental reviews or termination of a lease by a tenant due to convenience or failure on the part of HDN to meet lease terms. Rental guarantees provide some protection in relation to rental income but are generally of limited duration. This has the potential to decrease the value of HDN and would also have an adverse impact on HDN's financial performance.

Home Co. Daily Needs REIT

Key risks

Impact of COVID-19

The COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, have restricted travel and the ability of individuals to leave their homes and travel to places of work, and has disrupted the ordinary patterns of consumption of goods and services. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, compensation schemes, work stoppages, lockdowns, quarantines and travel restrictions, and on what effect such factors may have on HDN, tenants of HDN's properties and the Australian economy and securities markets.

Some tenants at properties within HDN's portfolio have experienced an adverse impact on sales and supply chains, borne out of ongoing international and domestic travel restrictions, government lockdown measures, and broader global uncertainty around a recovery of business activity. The extent to which COVID-19 related factors will have an impact on HDN will, in large part, depend on the extent to which tenants of HDN's properties are themselves adversely affected and able to pay rent to HDN.

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 HDN. Whilst HDN has performed well during the pandemic, and no material rental abatements are currently in place in relation to COVID-19, there is a prospect that significant store closures, such as those currently enforced in New South Wales, will continue or be introduced if the COVID-19 outbreak cannot be adequately contained or managed via vaccination, which could limit all or a material amount of trading at affected properties within the portfolio. Further, a number of aspects of HDN's tenants may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and local government area and interstate travel restrictions associated with COVID-19, including disruption to supply chain and workforce, particularly the availability of products and logistics (including shipping of products) and government-imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers. There is a risk that if the duration of events surrounding COVID-19 is protracted or the situation worsens from that currently existing, HDN may need to take additional measures in order to respond appropriately.

In particular, HDN owns convenience centres in New South Wales, Victoria, Queensland and South Australia, all of which are or have been subject to lock-down restrictions imposed by their respective governments. Some tenants' operations may have been impacted by these lock-down restrictions, resulting in a deterioration of financial performance which, as noted above, may impact upon the ability of HDN to collect rent in the ordinary course. No guarantee can be provided in relation to the length of any current or future lock-downs or when operating conditions will return to normal after lock-downs are lifted. As such, the ongoing performance of tenants within those centres remains uncertain.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of HDN and may be exacerbated in an economic recession or downturn. These include but are not limited to: (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic conditions which may affect the income and expenses of HDN.

Key risks

Unable to lease properties, or they may be vacant

Leases of existing properties and those to be acquired will come up for renewal on a periodic basis. There is a risk that HDN may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or at all or be able to find new tenants to take over space that is currently unoccupied. Should HDN be unable to secure a replacement tenant for a period of time, or if replacement tenants lease a property on less favourable terms than existing lease terms, or if HDN is unable to secure a tenant for a vacant property (or parts thereof) for a period of time, this will result in lower rental returns to HDN, which could materially adversely affect HDN's financial performance.

Value of its portfolio or individual properties may fall

The value of HDN's portfolio, or individual properties within its portfolio, may be impacted by a number of factors affecting the Australian property market generally, as well as HDN. The properties are independently valued regularly in accordance with HFML's valuation policy. These valuations represent only the analysis and opinion of the valuation experts at a certain date and are not guarantees of present or future property values. Property values may fall if the underlying assumptions on which the valuation reports are based change in the future. Valuations may differ depending on the valuer appointed. A valuation may not reflect the actual price that would be realised if a property is sold.

As property valuation adjustments are reflected in HDN's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HDN's financial position and performance.

Retail property sector concentration

HDN's portfolio is principally comprised of retail properties and is therefore exposed to the retail property sector. As a result of this exposure, HDN's performance depends, in part, on the performance of the Australian retail property sector. In addition, if any of the sub-sectors in New South Wales, Queensland, Victoria, Western Australia or South Australia experience a downturn in activity, HDN's financial performance may be adversely impacted.

Key risks

Tenant concentration

Whilst HDN has a diverse tenant mix, a high proportion of the gross property income from its portfolio is generated from the top 20 tenants. There is therefore a risk that if one or more of the major tenants ceases to be a tenant, HDN may not be able to find suitable replacements or may not be able to secure lease terms that are as favourable as current terms. HDN's financial performance could be adversely impacted if it is unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms.

Responsible entity and management

HFML acts as responsible entity of HDN and has delegated the day to day management of HDN and its portfolio to investment and property managers (which are wholly-owned subsidiaries of HMC), and is also assisted by other external services providers. Accordingly, HDN is reliant on the management expertise, support, experience and strategies of the key executives of HMC and other third parties, which cannot be assured. If HMC and other third parties do not perform as service providers, this could have an adverse impact on the management and performance of HDN.

If HFML is replaced as responsible entity of HDN by an entity that is not a related body corporate of HMC, there is potential for adverse effects to be experienced by HDN due to the loss of services of its current investment and property managers (as such arrangements may be terminated if there is a change in responsible entity of HDN).

Relationship with HMC

Although HDN believes its close association with HMC will bring many benefits, there are also certain risks that are inherent in the relationship. In performing its roles of responsible entity of HDN, co-owner of certain properties, manager of HDN and its properties, property developer, and provider of corporate and other services, the interests of HMC and HDN may not be aligned, and HMC may pursue its own interests. While many aspects of the relationship are governed by detailed agreements, given the dependence of HDN on HMC and the limited termination rights in such arrangements, it may be difficult for HDN to negotiate amendments to those agreements and it would be difficult for HDN to remove HMC from any of the roles it will perform with respect to its portfolio. In addition, two of the properties the subject of the Acquisitions (being the Coffs Harbour and Lismore properties) are being acquired from subsidiaries of HMC. The relevant Acquisition agreements in relation to the Coffs Harbour and Lismore properties have been negotiated on arm's length terms, HMC's interests in relation to these acquisition is inherently different from HDN's.

Model portfolio

While the portfolio has been constructed, and the Acquisitions undertaken, with reference to HDN's model portfolio, the actual composition of HDN's portfolio may be inconsistent with the model portfolio at any given point in time. Moreover, HFML 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 HDN.

Finally, the model portfolio may be modified over time to reflect updated quantitative analysis, which could cause the actual composition of the portfolio to differ from the model portfolio.

Home Co. Daily Needs REIT

Key risks

E-commerce trends

There has been an observed trend towards consumers using e-commerce sales channels when purchasing goods and services. This trend has resulted in significant disruption to the operations of traditional retailers, some of which are tenants within HDN's portfolio of centres. There is a risk that consumer preferences for online shopping may, over time, reduce the level of trading seen at properties in HDN's portfolio. Moreover, the overall disruption to retailing in Australia associated with e-commerce may ultimately impact upon the rents that can be charged by retail focused landlords, such as HDN. A fundamental shift away from in-store shopping across all retail categories would likely have a negative impact on HDN's financial performance and position.

Capital expenditure requirements may be higher than expected

Whilst capital expenditure is not anticipated to be significant, there is a risk that the required capital expenditure will exceed HDN's current expectations, which could lead to increased funding costs and adversely impact distributions.

Some examples of circumstances that may require capital expenditure in excess of the anticipated amount include property damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues that become apparent in the future and need to be repaired or addressed. Any required or unforeseen material capital expenditure on the properties that is not covered by insurance could impact HDN's financial performance and distributions.

Development activities may involve higher risks

In seeking to maximise returns for investors, HDN intends to develop the existing development sites and tenancies yet to open at trading sites. HDN will consider opportunities to enhance the value of the broader portfolio and may selectively acquire new properties which have development potential. There are typically higher risks associated with development activities than holding developed assets. The risks faced by HDN in relation to existing or future development projects will depend on the terms of the transaction at the time. HDN seeks to mitigate the risks associated with development projects by employing, where possible, the following risk mitigation strategies:

- Ensuring that it has lease commitments (in the form of agreements for lease) in respect of at least 50% of the GLA before commencing development; and
- Backing contractor obligations with unconditional bank guarantees.

Development activities require various approvals from the relevant State planning authorities. There is a risk that the relevant approvals may not be obtained on the basis of HDN's application, or may be obtained on conditions that are unsatisfactory or may not be granted at all. Changes in government regulations and policies, failure to obtain or delays in the granting of planning approvals may affect the amount and timing of HDN's future profits.

Home Co. Daily Needs REIT

Key risks

Properties are illiquid

Property assets are by their nature illiquid investments. If it were necessary or desirable for HDN to sell one or more of the properties in its portfolio, it may not be able to do so within a short period of time or it may not be able to realise a property for the amount at which HDN has valued it. Any protracted sale process, inability to sell a property or sale at a price that is less than HDN's valuation of the property may adversely affect HDN's financial performance and distributions.

Environmental compliance costs and liabilities

While HDN undertakes comprehensive legal due diligence in relation to the properties in its portfolio, unforeseen environmental issues may affect any of its properties. Whilst HDN is not aware of any material environmental contamination at any of its properties, there is a risk that a property in the portfolio (or a property close to a property in the portfolio) may be contaminated now or in the future. Government environmental authorities may require HDN to remediate such contamination and HDN may be required to undertake any such remediation at its own cost. HDN may be liable to remedy sites affected by environmental issues even in circumstances where HDN is not responsible for causing the environmental liability. The cost of such remediation could be substantial.

Exposure to hazardous substances at a property within HDN’s portfolio could result in personal injury claims. Such claims could also be substantial.

In addition, if HDN is not able to remediate the site properly, this may adversely affect its ability to use the relevant property for alternative uses, sell the relevant property or use it as collateral for future borrowings. Any such event could adversely impact HDN's financial performance. An environmental issue may also result in interruptions to the operations of a property, causing lost income which may not be recoverable.

HDN may not be able to meet its forecasts

All forward-looking statements, opinions and estimates provided by HDN rely on various factors, many of which are outside the control of HMC and HDN. 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 in relation to rents, property costs and corporate expenses incurred by HDN. HDN can give no assurance that HDN's actual results will not differ materially from those presented. Any material adverse difference may adversely affect the value of the Units.

Home Co. Daily Needs REIT

Key risks

Insurance risk

HDN maintains appropriate insurance coverage in respect of its portfolio where insurance coverage is available on commercial terms and at acceptable prices. Insurance cover may not be available for certain types of losses (for example, losses caused by war, riots and civil commotion) or even if it is available it may be too expensive. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by HDN, and could adversely affect the financial performance of HDN. Increases in insurance premiums as a result of insurance claims or otherwise may also adversely affect HDN's financial performance.

HDN may be unable to refinance, repay or renew its debt

HDN uses bank debt to partially fund its business operations. The $550m term loan debt facility and $250m revolving debt facility that HDN has in place will expire 5 years and 3 years respectively after the date of financial close under the debt facilities. HDN is subject to various financial and non-financial covenants under the debt facilities which could limit its future financial flexibility.

Interest payable on the debt facilities will depend on the interest rate, which is comprised of a base interest rate plus a variable interest rate margin. An increase in interest rates or an increase in the margins on which financing can be obtained may increase HDN's financing costs. For example, the applicable margin for each tranche of the debt facilities will increase as the loan to value ratio increases.

If HDN's financial performance deteriorates, including due to a decline in rental income or the value of its portfolio, HDN may be unable to meet the covenants under the debt facilities. This may require HDN to seek amendments, waivers of covenant compliance or alternative borrowing arrangements, to reduce debt or raise additional equity.

If a breach of covenant under the debt facilities were to occur, there is no assurance that a debt financier would consent to an amendment or waiver, or that debt financiers would not exercise enforcement rights, including cancelling the debt facilities, requiring immediate repayment or enforcing their security. This could arise if HDN failed to obtain consent in relation to the Acquisitions, as required under the terms of its debt facilities, although HDN has sought and expects to receive such consent. If a debt financier enforces its security over the relevant assets of a subsidiary of HDN which has provided security to support HDN's debt financing and forces a sale of the secured property, there is a risk that the value received may be less than the amount of the secured obligations and may be less than the optimal sale price. If HDN is unable to repay or refinance the debt facilities upon maturity or in the event of a breach of covenant, HDN may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could materially adversely affect HDN's ability to operate its business, acquire new properties and fund capital expenditure and could materially adversely affect the financial performance of HDN and distributions, and HDN may suffer reputational damage which could result in lenders being unwilling to extend additional finance or potentially raise future borrowing costs.

In the future, HDN may also need to access additional debt financing to grow its operations and its portfolio. If HDN is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, HDN may not meet its growth targets, which may adversely impact HDN's financial performance and distributions.

Home Co. Daily Needs REIT

Key risks

Retail tenancies legislation

Retail tenancies legislation in force in each Australian State and Territory regulates the terms on which leases and licences are granted to tenants of retail premises. For example, in certain of those jurisdictions, retail tenancies legislation prohibits a landlord from recovering land tax in respect of any site from which a retail business is conducted. As a retail business is carried on at each property in its portfolio, HDN has considered the potential application of retail tenancies legislation in respect of the its business and, in the case of each lease, considers that such legislation by its terms does not apply to the leases or, if it does apply, it intends to comply with applicable legislation. There is a risk that retail tenancies legislation in any Australian State or Territory may be amended in a manner unfavourable to HDN or that HDN does not comply with applicable retail tenancies legislation. In that event, HDN may be adversely impacted as a result.

Risks associated with an investment in HDN units

There are general risks associated with investments in equity capital such as HDN's units. The trading price of HDN's units may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Units being issued under the Offer being more or less than the offer price. Generally applicable factors that may affect the market price of securities include general movements in Australian and international stock markets, investor sentiment, Australian and international economic conditions and outlooks, changes in interest rates and the rate of inflation, change is in government legislation and policies, geo-political instability including international hostilities and acts of terrorism, pandemics and associated global dislocation, demand for and supply of HDN's units, announcements and results of competitors and analyst reports.

No assurance can be given that the New Units issued under the Offer will trade at or above the office price. None of HFML, its directors or any other person guarantees the performance of HDN's units.

Risk of dilution or of failure to raise capital

Unitholders of HDN may have their percentage security holding in HDN diluted by the Offer, and also by future capital raisings by HDN, including under the DRP. HDN may issue new units in the future to finance or as part of acquisitions, or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. There is also a risk that HDN may not be able to raise anticipated levels of capital for its business, including if unitholders do not approve the DRP underwriting arrangements described in Appendix D.

Distributions

The payment of distributions in respect of HDN's units is impacted by several factors, including HDN's profitability, capital requirements and free cash flow. Any future distributions will be determined by HFML's board having regard to these factors, among others. There is no guarantee that any distribution will be paid by HDN, or if paid, paid at historical levels.

Key risks

Impact of climate change

Climate change presents a potentially material risk to HDN. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of HDN's properties (and associated communities) through physical damage, operating costs, ability to trade, consumer visitation and retail sales. These acute weather events may be sudden and acute or more gradual in nature. For example, a property may be damaged by storms or flooding which requires extensive repairs and may impact sales at that property. Alternatively, tenants may be impacted by disruptions to sales or their supply chains. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. These may require HDN to incur costs to address these changes.

Accounting standards

The Australian Accounting Standards to which HDN adheres are set by the Australian Accounting Standards Board (AASB) and are consequently out of the control of HDN and the directors. Any changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the HDN's financial statements.

Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a property may be attributable to HDN as the landlord instead of, or as well as, the tenant. To the extent that any liabilities may be borne by HDN, this may impact the financial performance of HDN (to the extent not covered by insurance). In addition, penalties may be imposed upon the HDN which may have an adverse impact on the HDN.

Disputes and litigation

HDN may in the ordinary course of business be involved in possible litigation and disputes (for example, tenancy disputes, occupational health and safety claims or other third party claims). Whilst as far as it is aware HDN is not currently the subject of any disputes or litigation which would be material to its business, future disputes and litigation may be costly and may adversely affect the operational and financial results of the HDN.

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Appendix B: Summary of Placement underwriting arrangements

Home Co. Daily Needs REIT

Summary of Placement underwriting arrangements

HMC Funds Management Limited (**HFML**) in its capacity as responsible entity of HomeCo Daily Needs REIT (**HDN**) has entered into a placement agreement with Goldman Sachs Australia Pty Ltd (ACN 006 797 897) and Jefferies (Australia) Pty Ltd (ACN 623 059 898) (the **Joint Lead Managers**) (**Placement Agreement**), pursuant to which the Joint Lead Managers are acting as joint bookrunners, underwriters and lead managers of the Placement.

The Placement Agreement contains representations and warranties and indemnities in favour of the Joint Lead Managers. A Joint Lead Manager may, in certain circumstances, terminate its obligations under the Placement Agreement on the occurrence of the following events:

- (*) HFML as responsible entity of HDN is in breach of the Placement Agreement or any of its representations or warranties in the Placement Agreement is not true or correct when made or taken to be made;
- (*) if any of the obligations of the relevant parties under any of the contracts that are material to the business of HDN and its subsidiaries, are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if any such contracts are terminated or breached (amongst others);
- if any of the obligations of the relevant parties to the agreements in connection with the Acquisitions are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if any such contracts are terminated or breached in a material respect (amongst others);
- HDN or its subsidiaries breaches, or defaults under any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which is not promptly waived by the relevant financier or financiers, and the effect of which has or is likely to have a material adverse effect or which materially adversely affects HFML or HDN's capacity to meet its obligations under the agreements in connection with the Acquisitions;
- an event of default or event which gives a lender or financier the right to accelerate or require repayment of the debt or financing, or other similar material event occurs under or in respect to any such debt or financing arrangement or related documentation which is not promptly waived by the relevant financier or financiers, the effect of which has or is likely to have a material adverse effect or which materially adversely affects HMFL's capacity to meet its obligations under the agreements in connection with the Acquisitions;
- HFML is unable to issue the New Units on the date specified in the timetable for the Placement;
- an event specified in the timetable for the Placement is delayed for more than one business day without the prior written consent of the Joint Lead Managers;
- HFML alters HDN's capital structure (other than as contemplated in the Placement Agreement) or constitution without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);
- HDN or a subsidiary becomes insolvent, or there is an act or omission which is likely to result in HDN or a subsidiary becoming insolvent;
- there is a material adverse change or effect affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses or prospects, earnings position, shareholders' equity, or result of operations of HDN or its subsidiaries or otherwise (taken as a whole) when compared to the position disclosed in the Placement materials or otherwise disclosed by HDN to ASX on or prior to the date of the Placement Agreement;
- HFML or its respective directors or officers (as these terms are defined in the Corporations Act) engage, or have engaged since the date of the Placement Agreement, in any fraudulent conduct or activity whether or not in connection with the Placement;
- (*) a change in senior management or the board of directors of HFML as responsible entity of HDN occurs or is announced;
- a change to the responsible entity of HDN occurs;
- the Placement or any Placement material is withdrawn;
- there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Placement materials;
- (*) responses to the DDQ or any other information supplied by or on behalf of HDN to the Joint Lead Managers in relation to HDN or its subsidiaries or the Placement is, or becomes, false or misleading or deceptive, or likely to mislead or deceive, including by way of omission;
- a statement contained in the Placement materials is, or a Joint Lead Manager becomes aware that such a statement was at the time it was made, false, misleading or deceptive (including by way of omission);
- ASIC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Placement;

Summary of Placement underwriting arrangements

- ASX makes any official statement to any person, or indicates to HFML, or the Joint Lead Managers (whether or not by way of an official statement) that HDN's existing units will be suspended from quotation, HDN will be removed from the official list of ASX, or that quotation of the all of the New Units under the Placement will not be granted ASX or such approval has not been given before the close of business on the last date on which the New Units may be issued or such suspension from quotation occurs;
- (*) any government agency commences any public action against an officer of HFML as responsible entity of HDN in his or her capacity as an officer of HFML as responsible entity of HDN or announces that it intends to take any such action or an officer of HFML as responsible entity of HDN is charged with an indicatable offence or is disqualified from managing a corporation under the Corporations Act;
- any governmental agency issues proceedings or commences any action, inquiry, investigation or hearing against or in respect of HDN or its subsidiaries, or announces that it intends to take any such proceedings or action;
- (*) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom or the United States or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or anywhere else in the world;
- (*) any of the Placement materials or any aspect of the Placement does not comply with the Corporations Act or any other applicable law or regulation;
- (*) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Placement Agreement); or
- (*) any of the following occurs (i) a general moratorium on commercial banking activities in Australia is declared by the relevant central banking authority, or there is a disruption in commercial banking or security settlement or clearance services in that country or (ii) trading in all securities quoted or listed on ASX is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading.

The ability of a Joint Lead Manager to terminate the Placement Agreement in respect of the above termination events denoted with an asterisk (*) will depend on whether the event:

- has, or is likely to have, a material adverse effect on the: (i) the settlement, outcome or marketing of the Placement; (ii) the ability of the Joint Lead Managers to market, promote or settle the Placement; or (iii) the likely price at which the New Units will trade on ASX; or (iv) the willingness of investors to subscribe for New Units; or
- will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates, or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law.

If a Joint Lead Manager terminates its obligations under the Placement Agreement, it will not be obliged to perform any of its obligations that remain to be performed. Termination of the Placement Agreement could have an adverse impact on the amount of proceeds raised under the Placement.

For details of fees payable to the Joint Lead Managers, see the Appendix 3B released to ASX on 13 September 2021.

Live your way.

Appendix C: Foreign Offer Restrictions

Home Co.
Daily Needs REIT

Foreign Offer Restrictions

International Offer Restrictions

This document does not constitute an offer of New Units of HDN in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Units may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken to permit the distribution of this document to the public in Hong Kong. Accordingly, the New Units have not been, and will not be, offered or sold in Hong Kong other than to “professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act").

The New Units are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Foreign Offer Restrictions

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. HDN is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Units are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Units may not be circulated or distributed, nor may the New Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Live *your* way.

Appendix D: Summary of DRP underwriting arrangements

HomeCo.
Daily Needs REIT

Summary of DRP underwriting arrangements

HMC Funds Management Limited in its capacity as responsible entity of HomeCo Daily Needs REIT (**HDN**) has entered into an agreement with Home Consortium Limited (**HMC**) to underwrite the DRP in relation to the following distributions (**DRP Underwriting Agreement**):

- distribution payable to unit holders as at 31 December 2021, in respect of the quarter ending on that date;
- distribution payable to unit holders as at 31 March 2022, in respect of the quarter ending on that date; and
- distribution payable to unit holders as at 30 June 2022, in respect of the quarter ending on that date,

(**Underwritten Distributions**).

HMC's obligations under the DRP Underwriting Agreement are conditional on a successful resolution of unit holders of HMC for the purposes of ASX Listing Rule 10.11 (and also, to the extent necessary to ensure such issuance does not breach section 606 of the Corporations Act, for the purposes of item 7 of section 611 of the Corporations Act).

Name of the underwriter	Home Consortium Limited ABN 94 138 990 593
Extent of the underwriting	Fully underwritten (in respect of the Underwritten Distributions only)
Fee, commission or other consideration payable (including any discount the underwriter receives)	N/A HMC will be issued the shortfall units at the underwritten price (ie the same price as will be paid by HDN unit holders participating in the DRP), which is inclusive of the DRP discount.
Summary of significant events that could lead to the underwriting being terminated	Events that could trigger a right to terminate the DRP Underwriting Agreement include: ▪ material breach of the DRP Underwriting Agreement by HDN, including a failure by HDN to provide a certificate when required or a statement in the certificate is untrue or misleading or deceptive; ▪ HDN becomes unable or unlikely to issue the DRP underwritten units on the distribution payment date, alters its capital structure, becomes insolvent or the DRP is varied in a material respect without prior approval by HMC; ▪ certain material changes in HDN's circumstances; ▪ certain regulatory action in relation to HDN; ▪ material hostilities or terrorist acts or political disruptions; and ▪ material changes in law, policy or moratoriums that affect the DRP or financial markets.