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(ACN 105 078 635; AFSL 237257)  
as responsible entity of the  
HomeCo Daily Needs REIT (ARSN 645 086 620)

## ASX RELEASE

12 November 2021

### PRESENTATION TO RETAIL BROKER NETWORKS

HomeCo Daily Needs REIT (ASX: HDN) provides the attached presentation which will be delivered to a number of retail broker networks today.

-ENDS-

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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.*

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**Home  
Co.**

Daily Needs  
REIT

**aventus**



Hills Super Centre (NSW)



HomeCo Hawthorn East (VIC)

# PRESENTATION TO RETAIL BROKER NETWORKS

12 November 2021

AUSTRALIA'S LEADING DAILY NEEDS REIT



Highlands Hub (NSW)



Victoria Point (QLD)

# Australia's Leading Daily Needs REIT

Merger provides significant scale and enhanced capability to unlock value from a highly strategic landbank



## Platform Overview

### Key portfolio metrics

Portfolio value <sup>1</sup>	\$4,064m
Landbank	2.5m sqm
WACR <sup>1</sup>	5.85%
WALE <sup>2</sup>	5.3 years
Occupancy <sup>3</sup>	99%
Fixed WARR <sup>2,4</sup>	3.6%
Cash collection (FY21) <sup>5</sup>	98%
Average gross rent <sup>6</sup>	\$331/sqm

## Transaction Overview

### Overview

- ✓ Agreed merger between **HomeCo Daily Needs REIT (HDN) & Aventus Group (AVN)**
- ✓ **Unanimously recommended** by both the HDN and AVN Boards
- ✓ AVN Board and **AVN's largest securityholder Brett Blundy Retail Capital Pty Ltd (BBRC) intend to vote their 29.3%** collective interest in favour of the Merger<sup>7</sup>

### Consideration

- ✓ Consideration represents implied value of **\$3.82<sup>8</sup> per AVN security**, comprising:
  - 2.200 HDN units per 1 unit in Aventus Retail Property Fund (ARPF)
  - \$0.285 cash or 0.038 HMC securities per 1 share in Aventus Holdings Ltd (AHL)
- ✓ 15.3% premium to undisturbed AVN security price<sup>8</sup>

### Impact<sup>9</sup>

- ✓ Estimated **HDN FY22 FFO/unit<sup>10</sup> accretion of 4.0%** and **AVN FY22 FFO/security<sup>10</sup> accretion of 3.9%**
- ✓ Combined entity (Merger Group) **gearing to be approximately 34.5%<sup>11</sup>**, within target gearing band of 30-40%

### Indicative timetable

- First court hearing: Mid December 2021
- Dispatch of scheme booklet to AVN securityholders: Mid December 2021
- Scheme meeting: Late January 2022
- **Implementation date: Mid-February 2022**

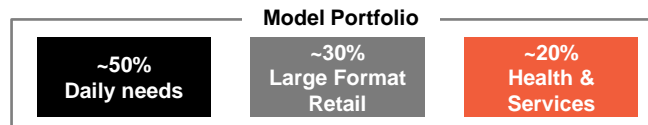
Source: IRESS as at 15-Oct-21. Notes: 1. Adjusted to reflect a 100% ownership of McGraths Hill and the post balance date disposal of MacGregor. 2. By gross income for signed leases for Merged Group and signed MOU's for HDN. 3. By GLA. Includes rental guarantees for HDN. Excluding rental guarantees, Occupancy remains at 99%. 4. Weighted average rent reviews on 72% of Merged Group tenants that are contracted under fixed escalation rental agreements. 5. Weighted average cash collection for AVN and HDN. 6. Merged Group weighted by GLA. 7. In respect of the AVN Board, in the absence of a superior proposal and subject to an Independent Expert opining that the Merger is in the best interests of AVN securityholders. In respect of BBRC, in the absence of a superior proposal, and subject to the conditions in clauses 3.1(a) (FIRB), (i) (No HDN Prescribed Occurrence) and (k) (No HDN Material Adverse Change) in the SID being satisfied and not waived by AVN prior to the AVN securityholder meetings. 8. Based on 15-Oct-21 closing price of \$1.605 HDN, \$7.50 HMC and \$3.31 AVN, being the business day prior to announcement of the Merger. 9. HDN FFO/unit based on guidance from its Sep-21 equity raising; AVN FFO/security based on standalone FY22 management forecasts for recurring FFO/unit of 20.3 cps; pro forma impact assuming the merger has occurred on 1-Jul-21. 10. On a full year basis. Estimates have been solely prepared by HMC Funds Management Limited (HFML) for the purposes of this presentation. AVN takes no responsibility for such estimates, and to the maximum extent permitted by law, disclaims all liability for, such estimates. 11. Assumes \$65m of transaction costs between HDN and AVN including a \$22.3m acquisition fee to be paid in scrip.

# Enhanced Growth Opportunity

Clear strategy to enhance income security and growth to drive strong total returns

## MODEL PORTFOLIO Enhance income security & diversification

- ✓ Accelerate tenant remixing towards HDN's model portfolio with focus on daily needs and health uses
  - In-depth gap analysis has identified >80 remixing opportunities (refer p.15)
- ✓ Extend Merged Group portfolio WALE and identify opportunities to leverage tenant relationships across combined portfolio
- ✓ Leverage enhanced tenant diversification, scale & credit profile to improve debt tenor, diversification and hedging arrangements and obtain investment grade credit rating



## STRONG GROWTH OUTLOOK Unlock development pipeline

- ✓ Accelerate unlocking of value enhancing brownfield and larger scale development opportunities across the combined asset base
- ✓ Leverage development track record and the combined group's increased scale to deliver enhanced earnings and NTA growth
- ✓ Opportunity rich 2.5m sqm landbank in high population growth markets with flexible zoning
  - 38% site coverage across the portfolio
  - **\$150m+ of brownfield developments<sup>3</sup> and \$300m+ of major developments identified<sup>3</sup>**
  - **Targeting \$60m+ of capex p.a<sup>4</sup> at 7%+ ROIC<sup>5</sup>**

### ~4% FFO accretive for HDN & AVN<sup>1</sup>

- ✓ HDN FY22 FFO: 8.9 cpu
- ✓ AVN FY22 FFO: 21.1 cps<sup>2</sup>

### Embedded valuation upside

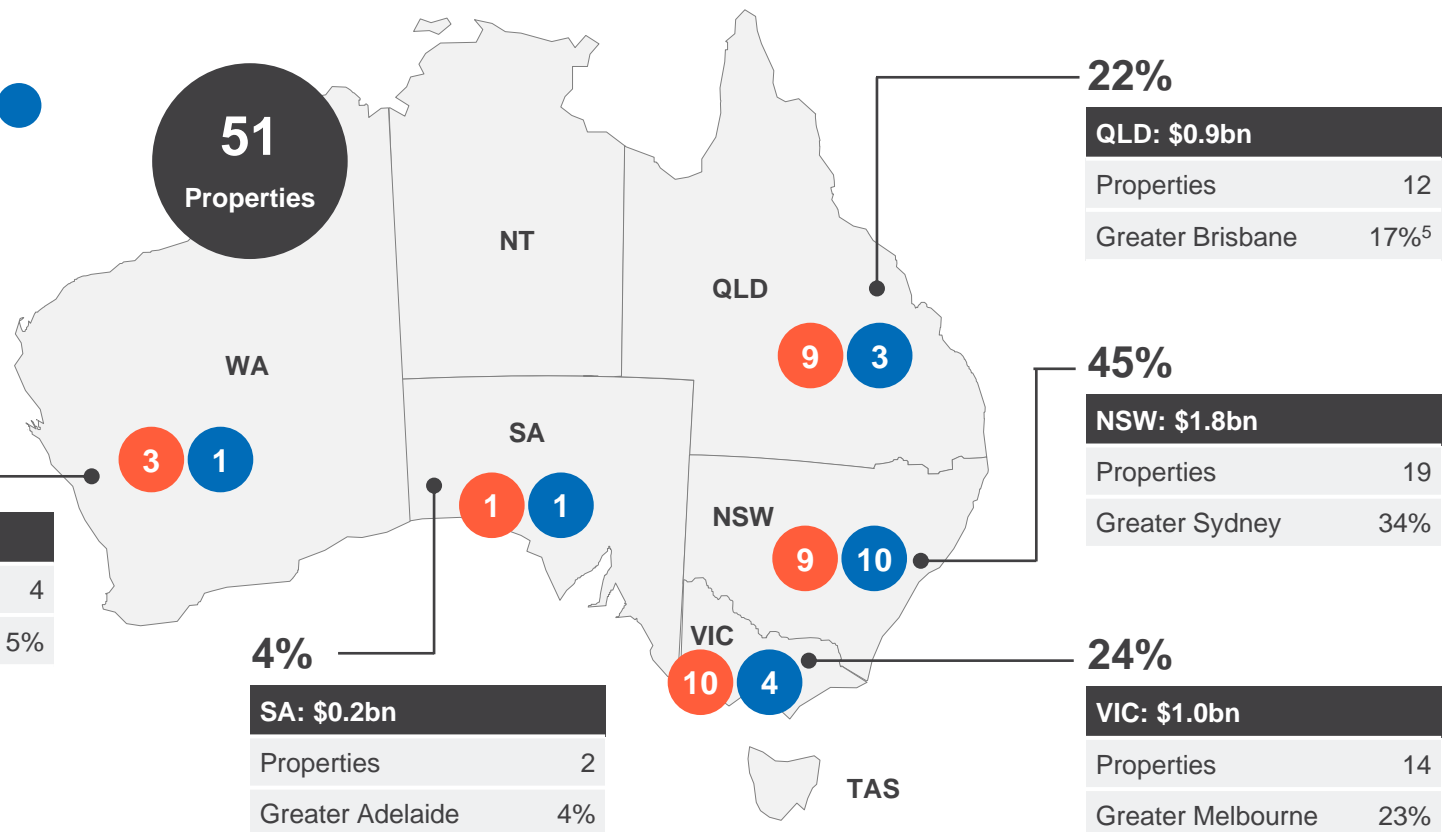
- ✓ On-market transactions highlight potential for further cap rate tightening (refer p.16-17)

**Eligible for ASX200 index inclusion with pathway towards ASX100 index inclusion**

# Strategic investment footprint and last mile logistics network

Strategic last mile infrastructure network spanning 2.5 million square metres in Australia's leading metropolitan markets and growth corridors

Total portfolio	
Portfolio value	\$4.1bn
Tenants	>1,200



## Attractive portfolio attributes for omni-channel

>12m people within 10km radius of a Merged Group property

~80% metro located<sup>1</sup>

70% of tenants have click & collect<sup>2</sup>

91% located on Eastern Seaboard<sup>1</sup>

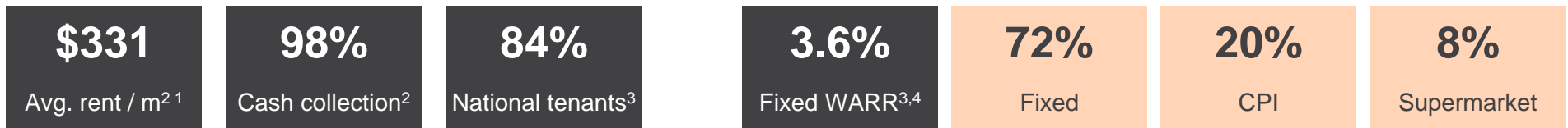
1.9% population growth<sup>3,4</sup>  
(vs. 1.6% national avg.)<sup>4</sup>

Source: Australian Bureau of Statistics. Notes: 1. By property fair value as at 30-Jun-21. 2. As at 30 June 2021. By GLA. Excludes fuel and services tenants for HDN. 3. Weighted by value. 4. Based on annual forecast growth to 2027. 5. Includes Coomera City, Upper Coomera, and Bundall.

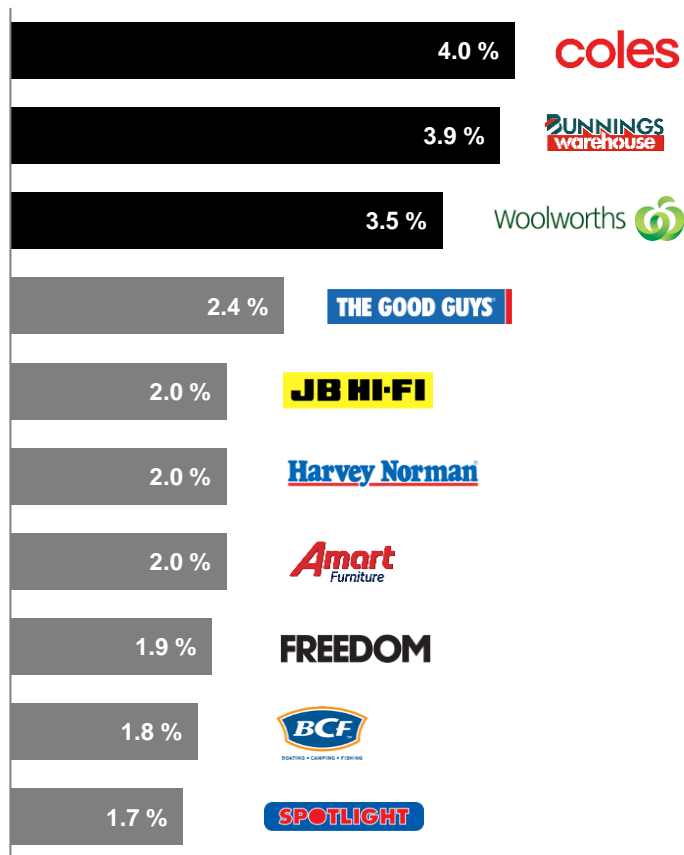
# Australia's leading Daily Needs REIT



High quality diversified income (>1,200 tenants) supports objective to deliver stable and growing distributions



## Top 10 tenants – by gross income<sup>3</sup>



## Portfolio subsectors – gross income split and key tenants<sup>3</sup>

HDN remains committed to its Model Portfolio strategy and with a larger balance sheet will seek to rebalance the merged portfolio through tenant remixing, developments and acquisitions



Notes: 1. Merged Group weighted by GLA. 2. Weighted average cash collection for AVN and HDN for the 12 months ended 30-Jun-21. 3. By gross income for signed leases for Merged Group and signed MOU's for HDN. 4. Weighted average rent reviews on 72% of Merged Group tenants that are contracted under fixed escalation rental agreements.

# Portfolio Remixing Opportunities

Over **80 opportunities** identified to accelerate remixing towards more defensive daily needs and health uses

## Daily Needs

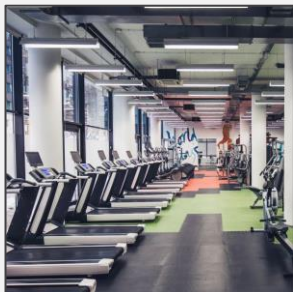
#43 incremental opportunities identified



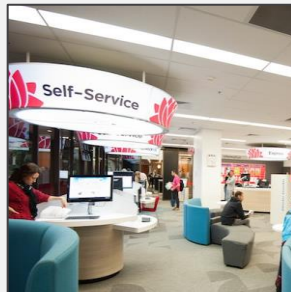
Supermarket<sup>1</sup> (#7)



Liquor (#7)



Fitness (#7)



Gov. services (#9)



Services (#13)

## Health & Services

#40 incremental opportunities identified



Childcare (#11)



Medical (#10)



Pharmacy (#5)



Aged care, Radiology, Pathology<sup>2</sup> (#4)



Play centre (#10)

HDN is committed to its Model Portfolio and will seek to rebalance the combined portfolio through active tenant remixing, development and complementary acquisitions

Notes: 1. Subject to floor space caps and planning. Includes smaller format and full-line stores. 2. Includes Seniors living.



# Significant growth pipeline and investment opportunity

Post merger HDN will target **\$60m+** of annual development capex<sup>2</sup> and a 7%+ ROIC<sup>3</sup>

<span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px;">1</span> <b>BROWNFIELD DEVELOPMENT OPPORTUNITIES</b>	<span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px;">2</span> <b>MAJOR DEVELOPMENT OPPORTUNITIES</b>
<p>Value enhancing developments to be activated over the <b>next 24 months</b><sup>5</sup></p>	<p>Large scale longer term development opportunities including town centre conversions</p>
<ul style="list-style-type: none"> <li>● <b>Tuggerah, NSW:</b> LFR &amp; F&amp;B expansion on excess land (~11,500 sqm)</li> <li>● <b>Cranbourne, VIC:</b> Daily Needs expansion opportunity (~3,000 sqm)</li> <li>● <b>Caringbah, NSW:</b> Target medical and childcare centre (~3,000 sqm)</li> <li>● <b>Castle Hill, NSW:</b> Potential to add additional GLA on rooftop</li> <li>● <b>Belrose, NSW:</b> Target medical and childcare centre (~2,500 sqm)</li> <li>● <b>Vincentia, NSW:</b> Childcare, Health &amp; Services Precinct (~6,500 sqm)</li> <li>● <b>Glenmore Park, NSW:</b> Health &amp; Services Precinct (~1,500 sqm)</li> <li>● <b>Upper Coomera, QLD:</b> Childcare centre (~1,800 sqm)</li> <li>● <b>Toowoomba South, QLD:</b> Centre expansion (~2,000 sqm)</li> <li>● <b>Marsden Park, NSW:</b> Centre expansion &amp; F&amp;B precinct (~2,200 sqm)</li> <li>● <b>Victoria Point, QLD:</b> LFR expansion opportunity (~6,000 sqm)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Jindalee, QLD:</b> Town centre redevelopment (~20,000 sqm+)</li> <li>● <b>Kotara, NSW:</b> Town centre redevelopment (10,000 sqm+)<sup>4</sup></li> <li>● <b>Epping, VIC:</b> Town centre redevelopment (~30,000 sqm+)</li> <li>● <b>Richlands, QLD:</b> Town centre redevelopment (~10,000 sqm+)</li> <li>● <b>Marsden, QLD:</b> Supermarket &amp; childcare centre (~7,000 sqm)</li> <li>● <b>Vincentia, NSW:</b> LFR expansion opportunity (~6,500 sqm)</li> </ul>
<p><b>~\$150m+ capex<sup>1</sup>      7%+ target ROIC<sup>2</sup></b></p>	<p><b>~\$300m+ capex<sup>1</sup>      7%+ target ROIC<sup>2</sup></b></p>

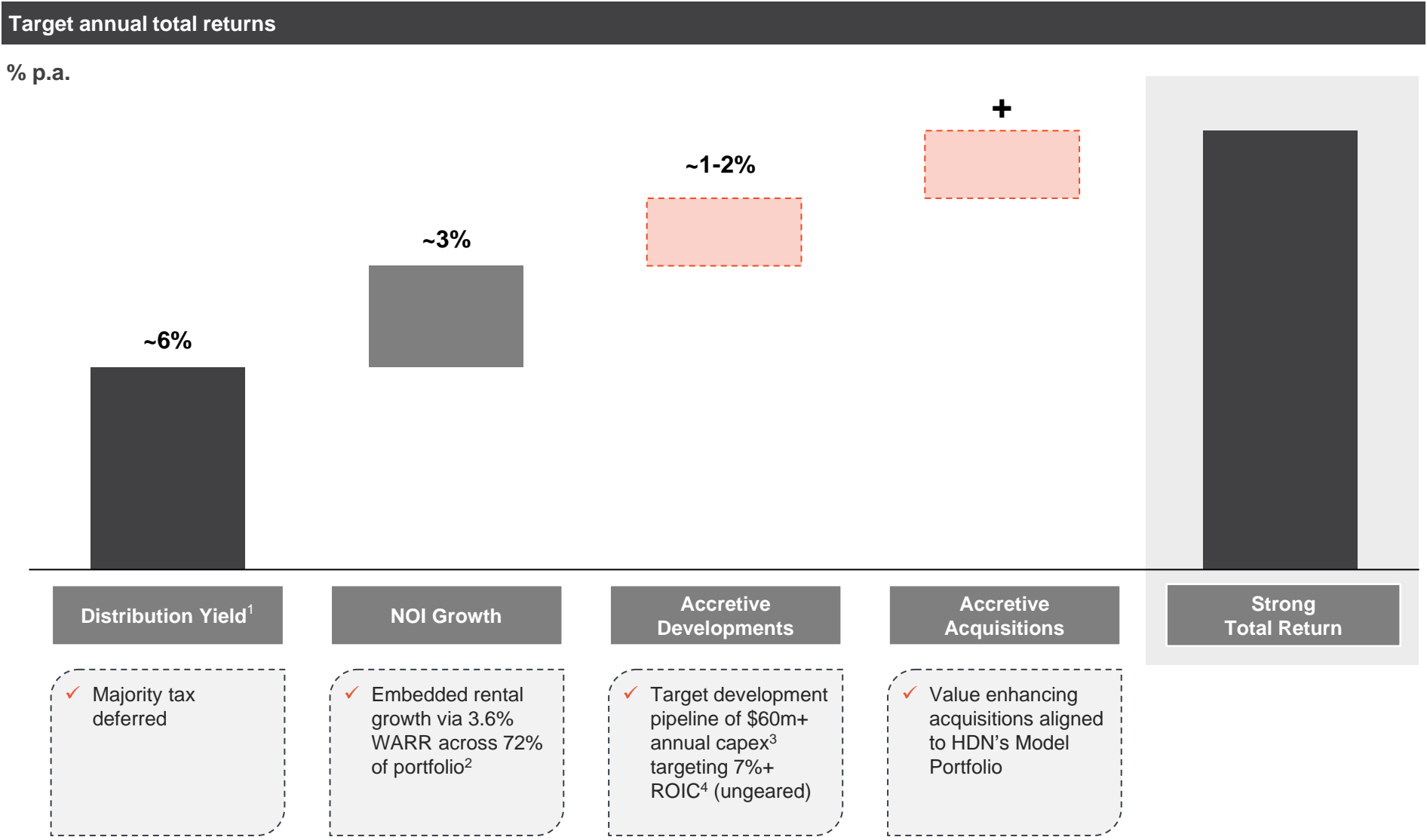
● HDN

● AVN

Notes: 1. Estimate only and subject to investment committee and other approvals. 2. From FY23 onwards. 3. Cash yield on cost. 4. subject to acquisition of adjacent site. 5. Post completion of the merger in early 2022.

# Targeting Strong Total Returns

Well positioned to deliver attractive total returns underpinned by embedded rental growth and accretive investment opportunities



Notes: 1. Based on HDN share price as at 10-Nov-21 of \$1.44/unit and FY22 DPU guidance of 8.25 cents/unit. 2. By gross income for signed leases for Merged Group and signed MOU's for HDN. 3. From FY23 onwards. 4. Cash yield on cost.



# The secular shift to omni-channel is a megatrend which has been accelerated by Covid-19

## Asia Pacific

Woolworths launches 'direct-to-boot' pick ups in Sydney 

Supermarket giant Coles plans many more click and collect drive-throughs 

Ola begins pilot of quick grocery delivery service 

ALDI Australia is finally launching an online store 

WOOLWORTHS IS TESTING CONTACTLESS GROCERY LOCKERS IN NSW

## United States

A New Market Emerges for Online Delivery: 10-Minute Groceries 

Grocers Get Ready for Futuristic In-Store Order Picking 


Drive-thru grocer puts in-store spin on ultrafast fulfillment 

Blackstone Strengthens Foothold in Grocery-Anchored Retail 

Walmart bets bigger on online grocery as it ramps up automated fulfillment at stores 

## Europe

Uber jumps into Europe's rapid grocery delivery market with 15-minute service in Paris 

Tesco links up with start-up Gorillas for rapid delivery service 

Amazon opens first UK bricks-and-mortar non-food store 

Covid growth turns online grocery profitable

Research highlights how pandemic transformed economics of home delivery

# Sydney last mile logistics network

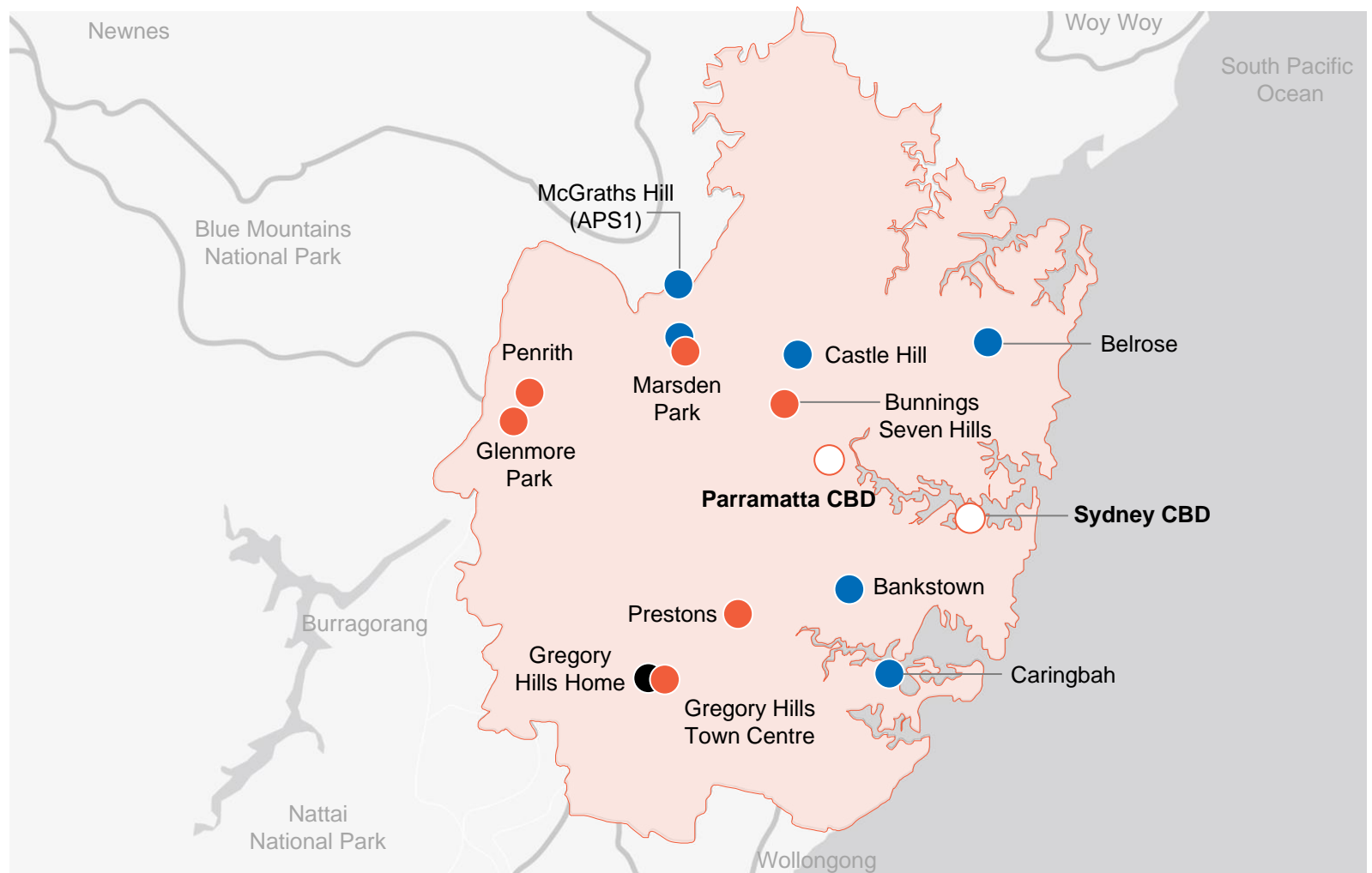
The combined group controls a strategic last mile logistics network across greater Sydney

**\$1.4bn**  
Book value<sup>1</sup>

**34%**  
total portfolio<sup>1,2</sup>

**~440,000**  
Sqm land<sup>1</sup>

**5.64%**  
WACR<sup>1</sup>



● HDN      ● AVN      ● HMC

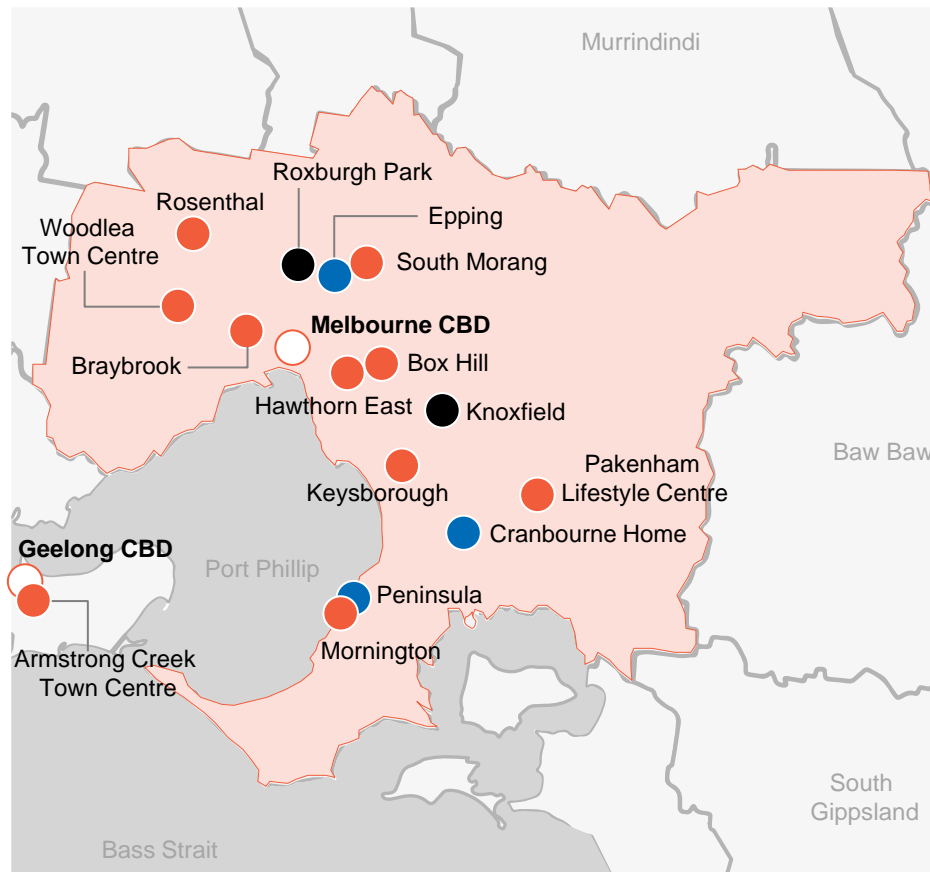
Notes: 1. Includes combined HDN and AVN portfolios only. 2. By value.

# Melbourne & Brisbane last mile logistics network

<b>\$0.9bn</b> Total value <sup>1</sup>	<b>23%</b> of total portfolio <sup>1,2</sup>	<b>~740,000</b> Sq m of land <sup>1</sup>	<b>33%</b> Site coverage <sup>1</sup>
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<b>\$0.7bn</b> Total value <sup>1</sup>	<b>17%</b> of total portfolio <sup>1,2</sup>	<b>~395,000</b> Sq m of land <sup>1</sup>	<b>34%</b> Site coverage <sup>1</sup>
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## Greater Melbourne



## Greater Brisbane



● HDN      ● AVN      ● HMC

Notes: 1. Includes combined HDN and AVN portfolios only. 2. By value.



Caringbah Super Centre (NSW)



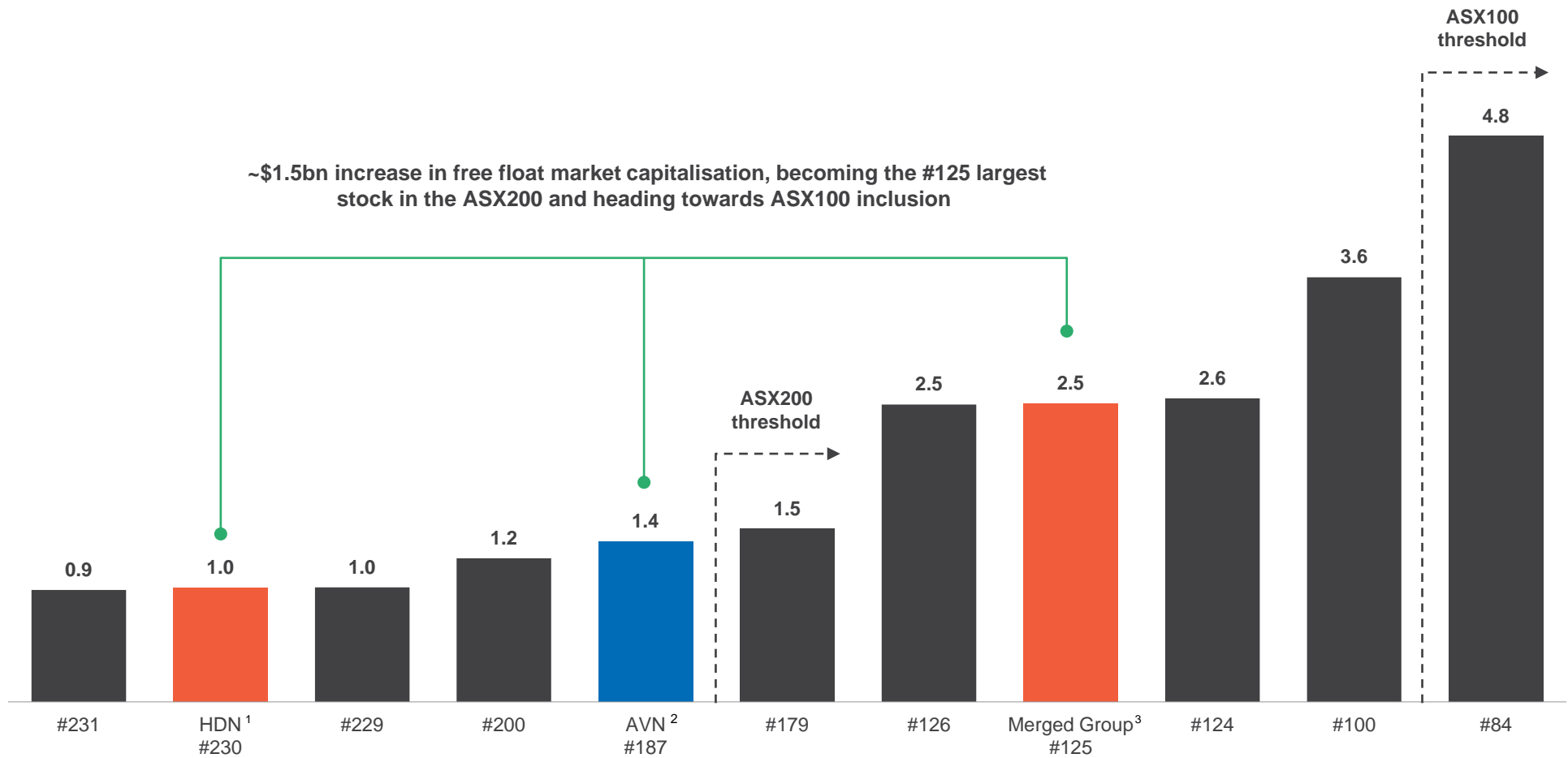
HomeCo Rosenthal (VIC)

# Creates Australia's leading Daily Needs REIT

Eligible for S&P/ASX200 with pathway towards S&P/ASX100 index inclusion



## S&P/ASX Index Free Float Market Capitalisation Thresholds (\$bn)



Source: IRESS as at 15-Oct-21. Notes: 1. Based on free float of 75.9%, excluding 24.1% stake from HMC. 2. Based on free float of 72.0%, excluding BBRC and Ray Itaoui stakes. 3. Based on free float of 76.8%, excluding HMC and BBRC pro forma substantial holdings.





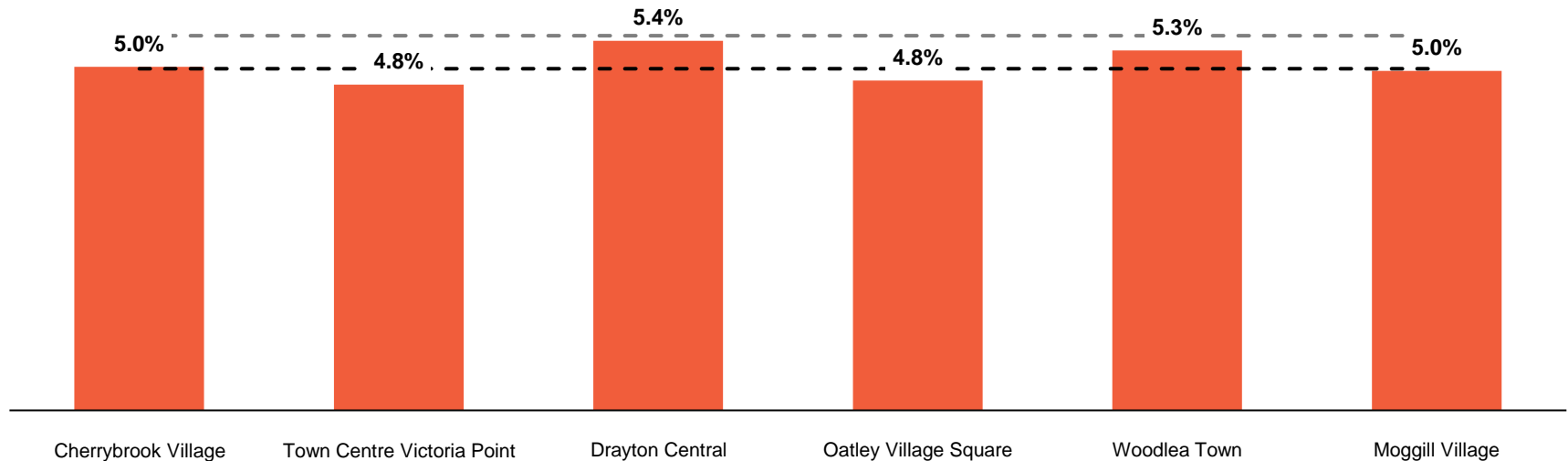
# Strong Embedded Valuation Support

Recent on-market transactions highlight potential for further near-term cap rate tightening



## Neighbourhood – Capitalisation rates

HDN average: 5.5%    Market evidence (median): 5.0%



	Cherrybrook Village	Town Centre Victoria Point	Drayton Central	Oatley Village Square	Woodlea Town	Moggill Village
<b>Price</b>	\$133m	\$160m	\$34m	\$22m	\$55m	\$55m
<b>State</b>	NSW	QLD	QLD	NSW	VIC	QLD
<b>Location</b>	Metro	Metro	Regional	Metro	Metro	Metro

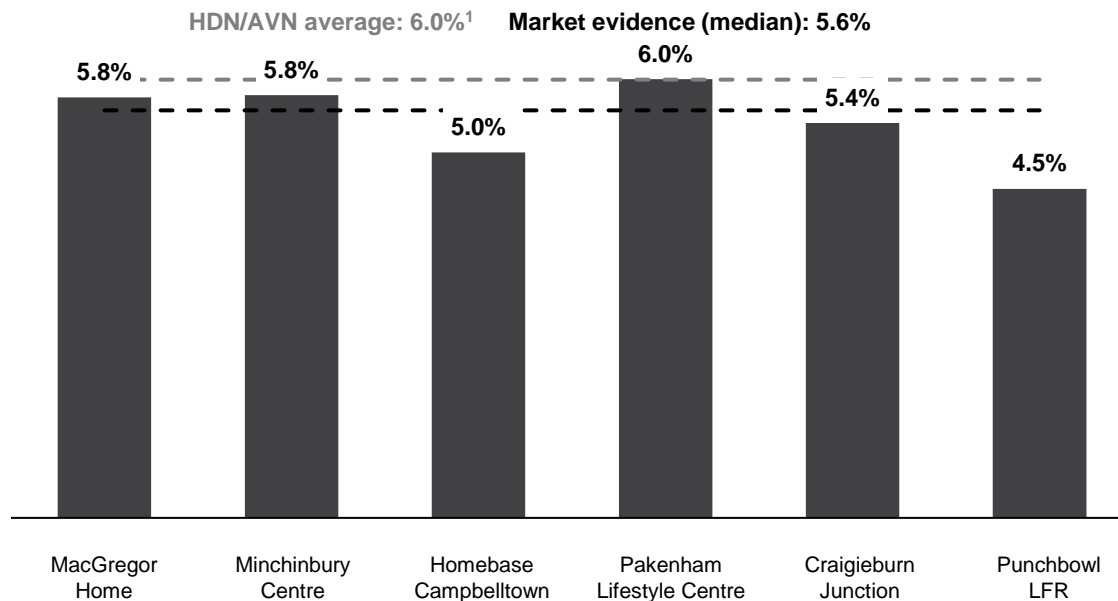
Source: Publicly available information and Colliers disclosed national LFR and Neighbourhood transactions.

# Strong Embedded Valuation Support

Recent on-market transactions highlight potential for further near-term cap rate tightening



## Large Format Retail – Capitalisation rates



<b>Price</b>	\$42m	\$68m	\$48m	\$99m	\$135m	\$28m
<b>State</b>	QLD	NSW	NSW	VIC	VIC	NSW
<b>Location</b>	Metro	Metro	Metro	Metro	Metro	Metro

## Standalone Bunnings transactions



# Indicative Implementation Timetable

Key milestones	Date <sup>1</sup>
Announcement date	18 October 2021
Submit draft scheme booklet to ASIC	End November 2021
First court hearing	Mid-December 2021
Dispatch of Scheme Booklet to Aventus securityholders	Mid-December 2021
Scheme Meetings	Late January 2022
Second court hearing	Early February 2022
Record date	Early February 2022
Implementation date	Mid-February 2022

Notes: 1. Timetable remains subject to consultation with ASX.

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