

1H FY23 Results Presentation

20 February 2023

AUSTRALIA'S LEADING DAILY NEEDS REIT

Acknowledgement of Country

HomeCo Daily Needs REIT acknowledges the Traditional Custodians of country throughout Australia and celebrates their diverse culture and connections to land, sea and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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Journey Tracks to Sacred Sites
Tony Sorby (2021)
© the artist courtesy Kate Owen Gallery





Rosenthal (VIC)

Agenda.

1 Highlights & Strategy

2 Portfolio Update

3 Growth Opportunities

4 Financial Results

5 Outlook & Guidance



Sid Sharma
HDN CEO



Will McMicking
HMC Capital
Group CFO



Andrew Dodds
Corporate Finance
& IR Manager



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Woodlea (VIC)

1. Highlights & Strategy

1H FY23 Performance

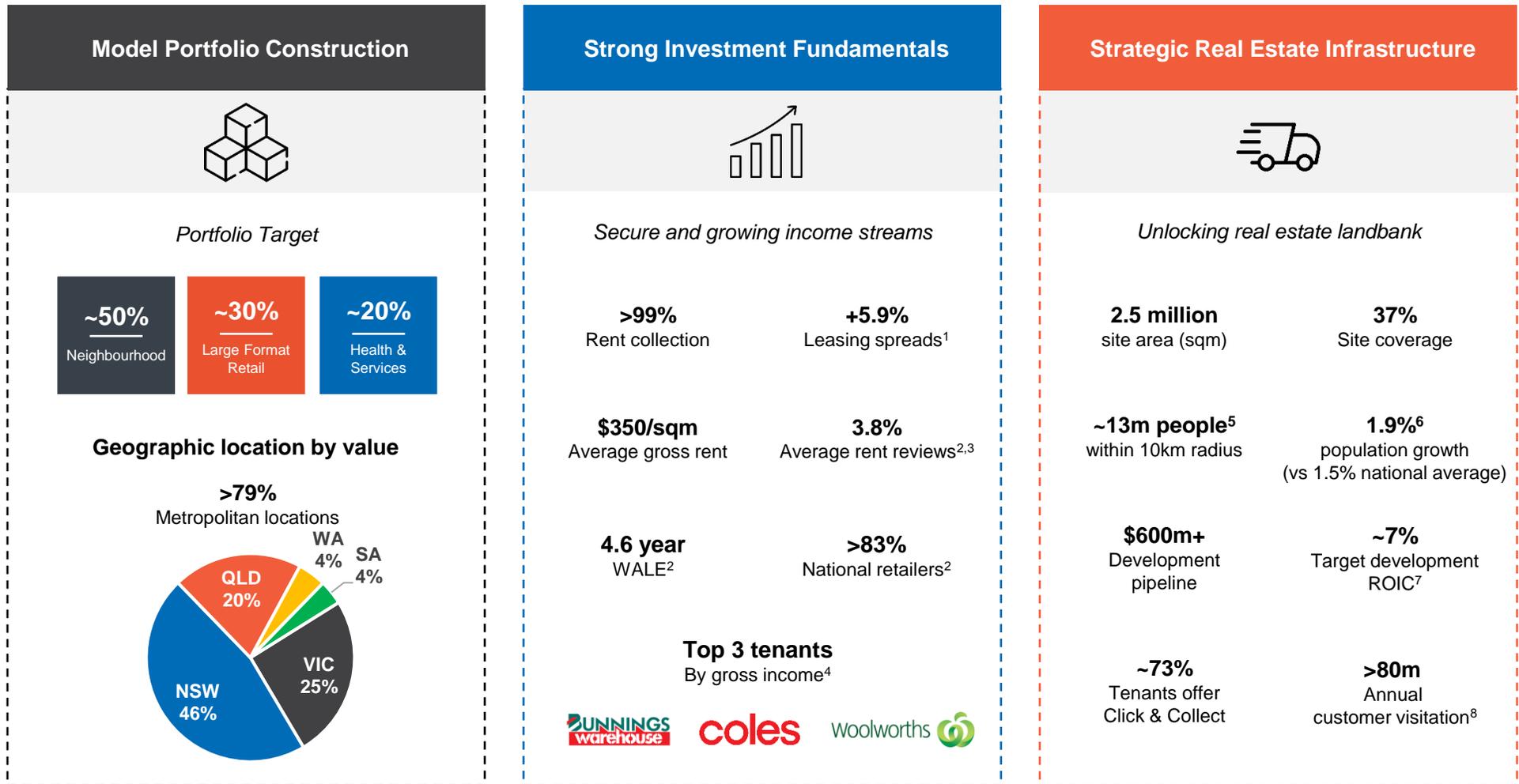
Strong rental growth driving operational performance and valuations, offsetting the impacts of rising interest and capitalisation rates

FINANCIAL	ASSET MANAGEMENT	INVESTMENT
<p>4.3 cpu 1H FY23 FFO +8% increase versus 1H FY22</p>	<p>>99% OCCUPANCY In line with Jun-22⁴</p>	<p>~\$80m ACTIVE DEVELOPMENTS ~7% target ROIC⁵</p>
<p>\$1.52 NTA/Unit maintained versus Jun-22 with rental growth offsetting cap rate movement¹</p>	<p>>99% RENT COLLECTION 1H FY23 contracted rent collected in the month of billing</p>	<p>>\$120m FY24 DEVELOPMENT COMMENCEMENTS ~7% target ROIC⁵</p>
<p>31.5% GEARING² Lower end of 30-40% target range</p>	<p>+3.8% COMP PROPERTY NOI +0.5% ahead of previous FY23 guidance</p>	<p>\$600m+ FUTURE PIPELINE Upscaled from \$500m >20 projects identified</p>
<p>~70% INTEREST RATE HEDGING 2H FY23 to FY26³</p>	<p>+5.9% LEASING SPREADS Versus 5.7% at Jun-22 75 new leases and renewals with low incentives</p>	<p>\$143m ACQUISITIONS⁶ FY2023 YTD</p>

Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.4m). 1. NTA includes the fair value of derivatives. 2. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents. 3. Based on drawn debt as at Dec-22 and including forward starting interest rate swaps. 4. By GLA and includes rental guarantees. 5. Return on Invested Capital (ROIC) represents cash yield on cost. Estimated ROIC is based on assumptions relating to future income, valuation, capex and is calculated on a fully stabilised basis. 6. Represents Southlands Boulevard and the \$50m LML Fund commitment by HDN.

Investment Strategy

Owner and developer of strategic *last mile infrastructure* focused on daily needs & services



Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.4m). 1. For new leases and renewals, includes Epping. 2. By gross income for signed leases and signed MoUs. 3. Weighted Average Rent Reviews for tenants contracted under fixed escalation rental agreements is 3.4%. Weighted Average Rent Reviews based on CPI-linked escalations set over 1H FY23 is 5.3%. 4. Weighted by Gross Income, excludes Services and Petrol retailers. 5. Australian Bureau of Statistics, 2016. 6. Australian Bureau of Statistics, 2021-2026. 7. Return on Invested Capital (ROIC) represents cash yield on cost. Estimated ROIC is based on assumptions relating to future income, valuation, capex and is calculated on a fully stabilised basis. 8. Includes customer visitation for Epping.



Gregory Hills Town Centre (NSW)

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2. Portfolio Update

Australia's leading Daily Needs REIT

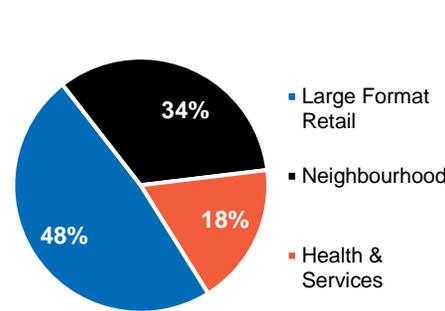
\$4.7bn portfolio diversified by subsector, tenant and geography

Platform Overview

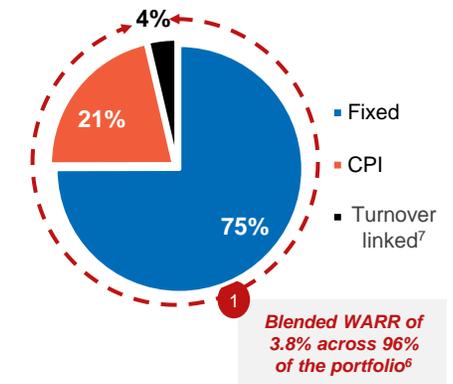
Key portfolio metrics

Portfolio value	\$4,709m	
Landbank (sqm)	2.5m sqm	
Site coverage	37%	
WACR ¹	5.3%	
WALE ²	4.6 years	
Occupancy ³	>99%	
WARR Fixed ^{2,4}	3.4%	3.8% Blended WARR ⁶
WARR CPI ^{2,5}	5.3%	
Tenants	~1,200	
Average gross rent	\$350/sqm	

Tenant mix²



Rent growth composition²



Lease expiry profile²



HDN's target Model Portfolio is designed to deliver stable and growing property income with low levels of correlation to traditional retail and property sectors

Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding right of use (ROU) assets at Parafield and Caringbah (\$11.4m). 1. Weighted Average Capitalisation Rate by gross income. 2. By gross income for signed leases and MoUs. 3. By Gross Lettable Area (GLA) and includes rental guarantees. 4. Weighted Average Rent Reviews on 75% Group tenants that are contracted under fixed escalation rental agreements. 5. Weighted Average Rent Reviews based on CPI-linked escalations set over 1H FY23. 6. Includes both fixed and CPI escalations. Excludes Supermarket Turnover rent. 7. Excludes Supermarkets that have fixed or CPI reviews.

Robust operational performance

Rental growth underpinned by strong tenant demand for both existing and new space

Occupancy

>99%

for 1H FY23¹

Cash collection

>99%

for 1H FY23

Comp Property NOI

+3.8%

vs 31-Dec-21²

Development Leasing

~17,000m²

11 leases in 1H FY23

Leasing spreads³

+5.9%

75 new leases & renewals

Incentives⁴

5.3%

Low incentives

Supermarket MAT growth

+2.7%

vs 31-Dec-21⁵

MAT growth (ex Supermarkets)⁶

+9.6%

vs 31-Dec-21⁵



Supermarkets performance

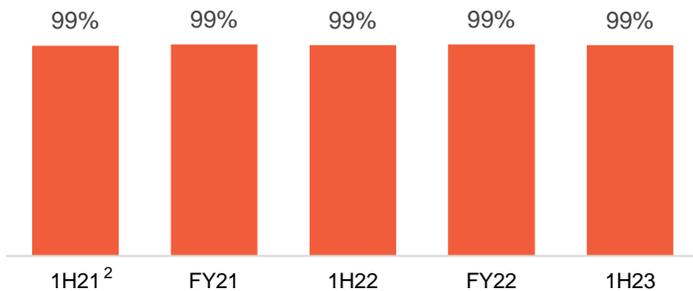


Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.4m). 1. By GLA and includes rental guarantees. Excludes land parcels. 2. Relates to like for like centres. 3. For new leases and renewals. 4. As a percentage of gross rent over lease term. 5. Relates to tenants trading for more than +24 month Moving Annual Turnover for the year ended 31-Dec-22 versus Moving Annual Turnover for the year ended 31-Dec-21. 6. Sales growth from all non-supermarket sales reporting tenants in the HDN portfolio who have a minimum of 24 months sales history to Dec-2022. Non-supermarket sales reporting tenants account for ~26% of total HDN tenants

Portfolio resilience

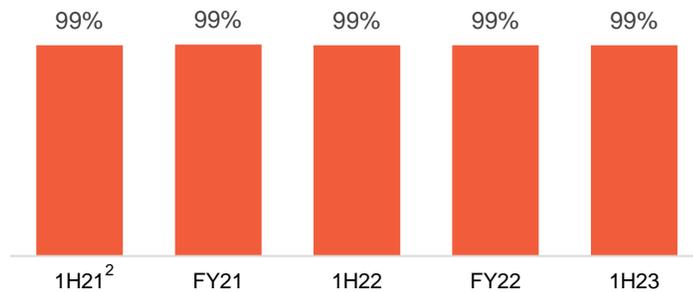
Defensively positioned with minimal exposure to discretionary retail and compelling rental growth prospects which are underpinned by favourable portfolio fundamentals and structural tailwinds

>99% Occupancy¹



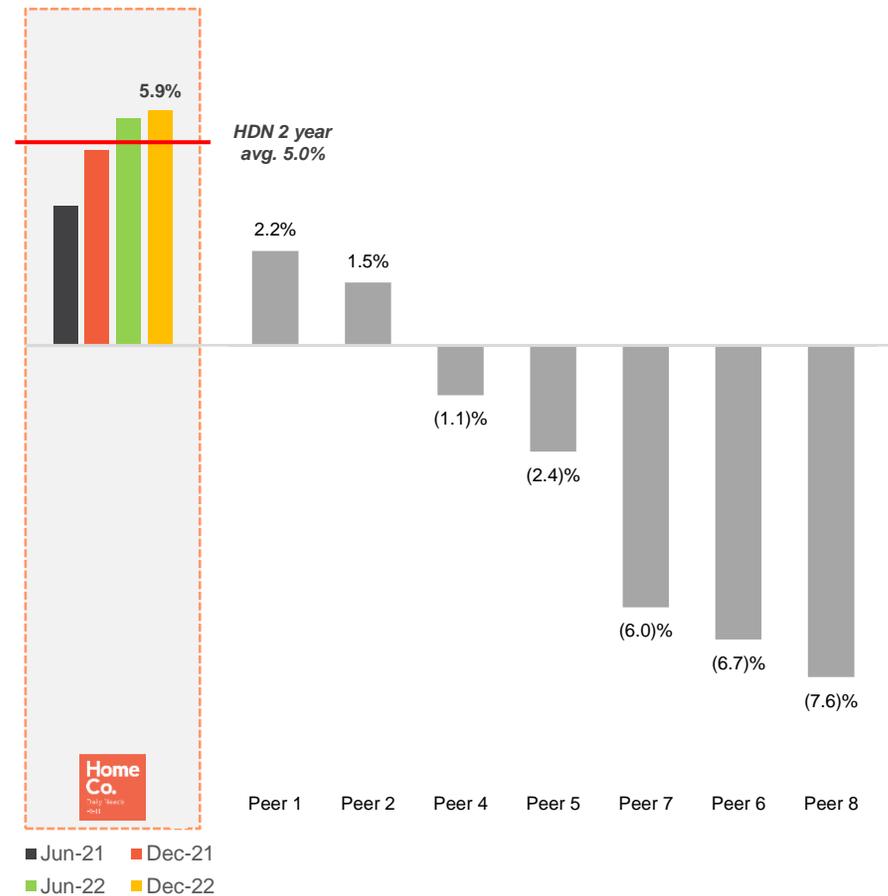
✓ Sustained low vacancy supported by high tenant retention, sustainable rents and exposure to leading metropolitan and high population growth corridors

>99% Cash rent collection



✓ Consistently collecting 99% of rental income in the month of billing

Sector leading re-leasing spreads over 2 years³

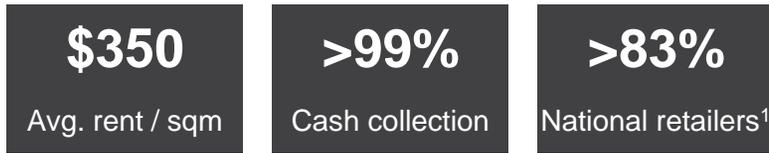


✓ Significant growth upside as tenants recognise increasing strategic value of our last mile infrastructure

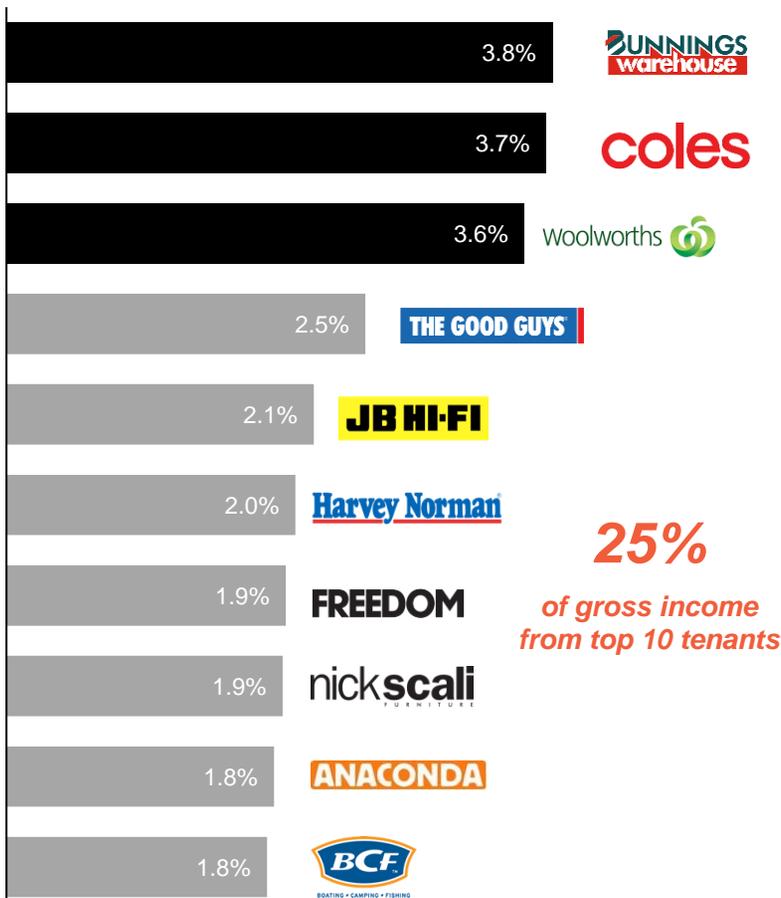
Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.2m). 1. By GLA and includes rental guarantees. 2. For the period from IPO to Dec-20. 3. Peer re-leasing spreads presented as the average re-leasing spreads recorded between Jun-21 to Dec-22 (for those who have reported). Source: company disclosures.

Highly defensive and diversified income streams

Well positioned to deliver stable and growing NOI growth



Top 10 tenants – by gross income¹



25%
of gross income from top 10 tenants

Portfolio subsectors – gross income split and key tenants¹

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

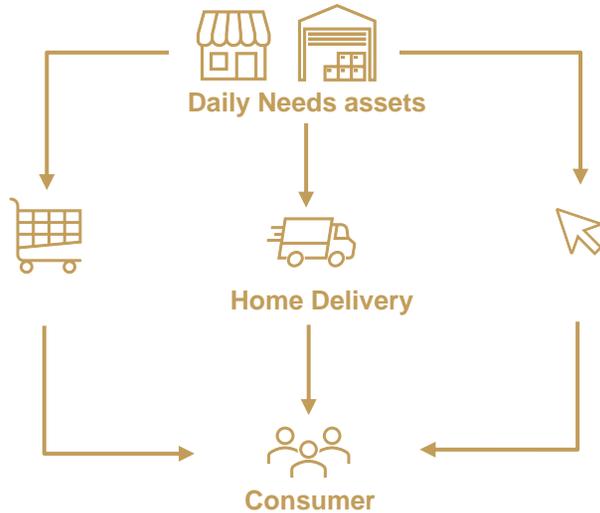


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Last Mile Fulfilment

Our strategically located infrastructure is supporting a high proportion of our tenants with their store-based fulfilment strategies for both online and in-store sales

The Omni-channel Model



Value of the Omni-channel Model

- 1 ✓ *Physical store networks complement retailers' online presence*
- 2 ✓ *Seamless customer experience and convenience*
- 3 ✓ *Faster customer delivery times and lower shipping costs*
- 4 ✓ *Drives higher customer engagement, retention and loyalty*

Key Omni-channel Retailers



Attractive HDN portfolio attributes for omni-channel

~79% metro located	~77% of tenants have click & collect ¹	92% located on Eastern Seaboard
~13m people within 10km radius ²	1.9% population growth ³ (vs. 1.5% national avg.)	>80m Annual customer visitation

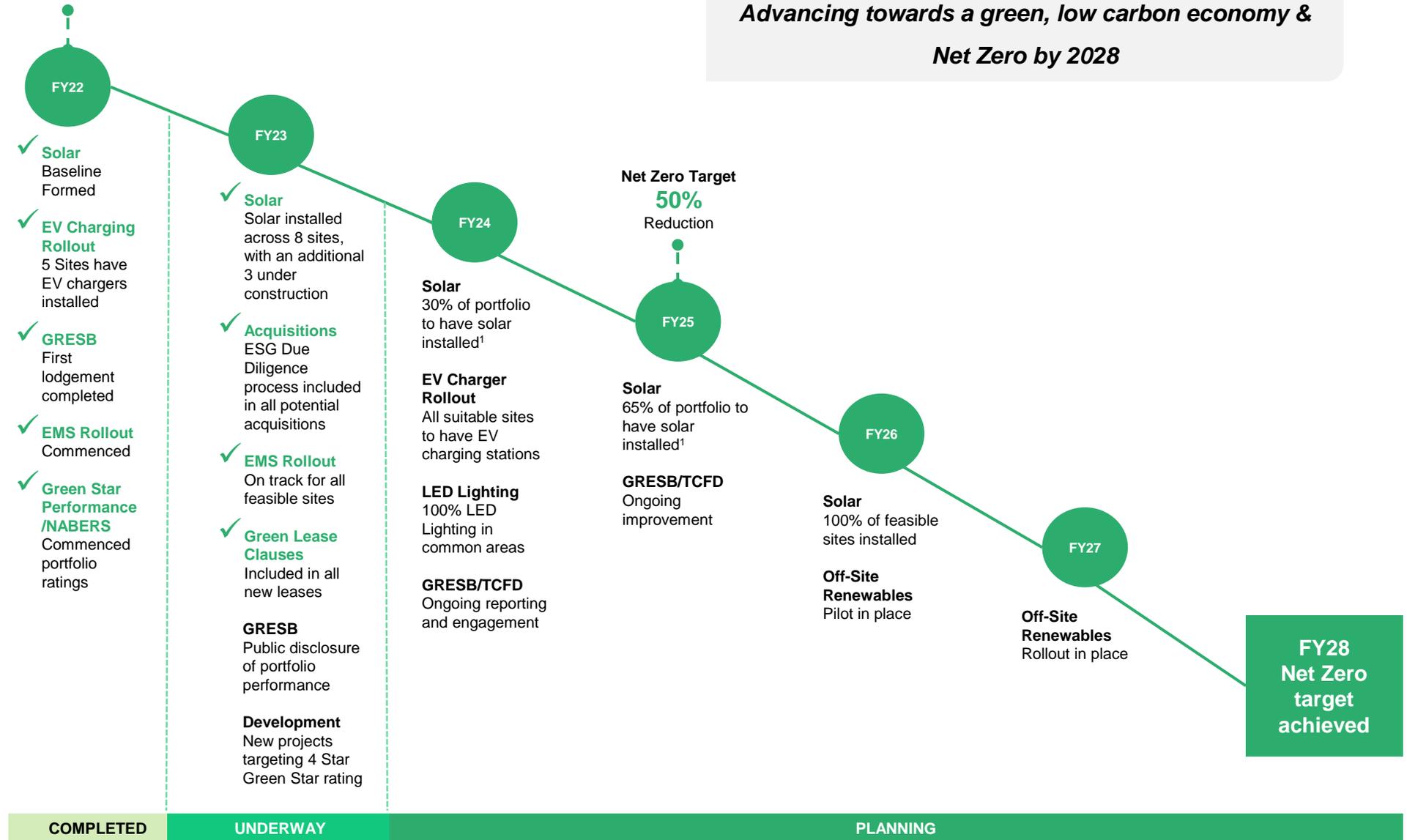
Enhanced value proposition of omni-channel retailing has led to a growing number of partners requiring the supporting infrastructure

Notes: 1. Weighted by gross income, includes tenants that offer delivery and/or Click & Collect, excludes services and petrol tenants. 2. Australian Bureau of Statistics, 2016. 3. Australian Bureau of Statistics, 2021 – 2026.

Sustainability Progress at HDN

Energy Roadmap

Net Zero Progress
Baseline Formed



Notes: 1. % of feasible solar sites

Sustainability Progress at HDN

Implementing HMC Capital's Sustainability Commitments across the HDN portfolio

Our inaugural Sustainability Report details **six** sustainability commitments towards

"Creating Healthy Communities"



Our impact themes are aligned with several UN SDGs and their relevant targets or indicators



ENVIRONMENTAL	SOCIAL	GOVERNANCE	Objectives
1. CLIMATE ACTION 2. GREEN FUTURE	3. CONNECTION 4. RESPECT	5. ALIGNMENT 6. ACCOUNTABILITY	
<ul style="list-style-type: none"> ✓ Net Zero target and baseline set ✓ 27% reduction in energy consumption from EMS installation at 17 assets ✓ \$1m annualised electricity savings¹ ✓ 3.2 MW solar installations underway ✓ Nowra & Mackay developments targeting 4 Star Green Star rating ✓ 3.9 Star NABERS Energy and 5.3 Star NABERS Water rating achieved across portfolio ✓ Green Star performance ratings across portfolio 	<ul style="list-style-type: none"> ✓ 50% Organisational Gender Diversity achieved ✓ Commenced RAP <i>Reflect</i> Plan ✓ Nil employee Lost-Time Injuries achieved in H1 FY23 ✓ Supported Lismore community post-flood during the rebuild and relaunch of HomeCo town centre. Celebrated opening with Family Community Day. ✓ Aligned Community partnership program committed ✓ Sustainability Committee Formed 	<ul style="list-style-type: none"> ✓ Awarded 2023 ESG Regional Top-Rated company with Morningstar Sustainalytics ✓ Inaugural Modern Slavery Statement lodged ✓ Signatory to UN Principles of Responsible Investment and UN Global Compact ✓ Completed first GRESB rating submission in 2022 ✓ GRI Reporting Framework standards adopted ✓ Responsible investment Due Diligence standards adopted for acquisitions 	Progress

Notes: 1. Gross savings before adjusting for tenant recoveries. Includes savings to owner and tenant electricity on an annualised basis



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Southlands Boulevard (WA)

3. Growth Opportunities

Capital recycling

Proactive asset recycling into accretive daily needs acquisitions with repositioning and development upside

DISPOSALS

Sunshine Coast, QLD



- Settled in Sep-22
- Sale price of \$140.0m representing a ~6% premium to book value¹

Epping, VIC



- Settlement expected in 4Q FY23
- Sale price of \$70.3m representing a 1.5% premium to book value² and passing yield of 4.68%



ACQUISITIONS

Southlands Boulevard, WA



- Triple supermarket anchored centre with future development upside
- Acquisition price of \$92.5m, representing a fully-let yield of ~8%
- Immediately FFO accretive
- Settled in Feb-23

Last Mile Logistics Fund



- \$50m³ strategic equity investment in complementary unlisted fund
- Menai Marketplace acquisition for \$150m settled in Feb-23
- Significant future acquisition pipeline for HDN via ROFO

~\$210m of lower yielding assets disposed of at combined ~5% premium to book value

~\$143m re-invested into higher yielding assets

✓ Re-weighting to target Model Portfolio

✓ FFO accretive

✓ NTA accretive

✓ Reduced gearing

Notes: 1. Dec-21 book value. 2. Jun-22 book value. 3. Represents the \$50m LML Fund commitment by HDN.

HDN development track record

Significant value created since IPO¹ which has built on the successful redevelopment of the original Masters portfolio

Development activity since listing in Nov-20

- HMC Capital has successfully delivered 50 projects spanning >500,000 sqm of GLA since acquiring the former Masters portfolio in 2017
- HDN has successfully commenced 15 development projects since IPO in Nov-20
 - >\$160m capex invested achieving an average ROIC² of >9%
- HDN's 2.5 million sqm land bank provides compelling long-term upside via relatively low risk and tenant demand led development projects
 - Pipeline continues to offer the most compelling risk adjusted returns
 - Projects accelerating tenant remixing towards more defensive daily needs tenants

>\$160m	Capex
>9%	Average ROIC²

Health & services



Aurrum Kids Penrith (NSW)

Leisure & lifestyle



Richlands (QLD)

Pad sites

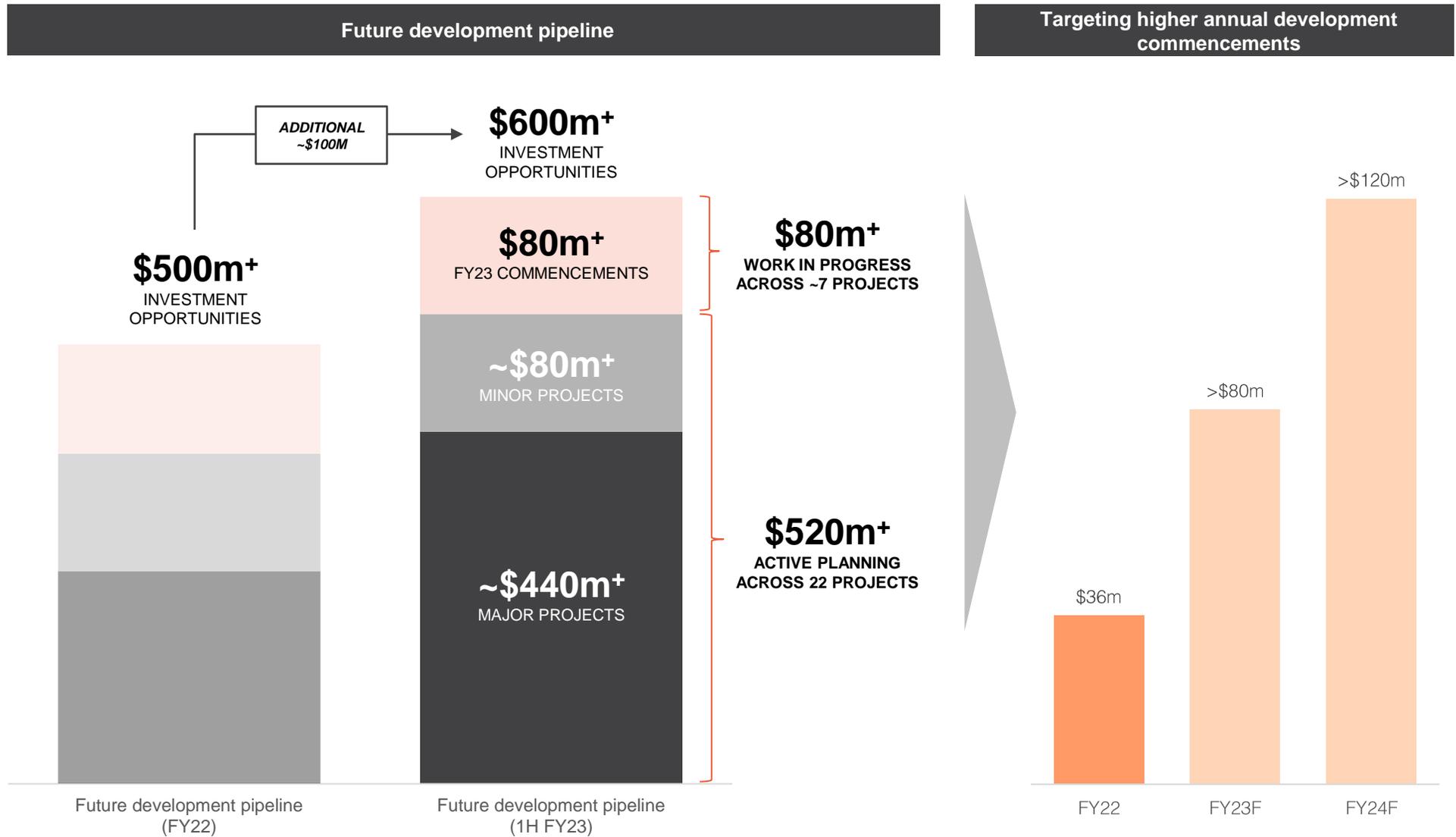


Braybrook (VIC)

Notes: 1. IPO date of 23-Nov-20 2. Return on Invested Capital (ROIC) represents cash yield on cost. Estimated ROIC is based on assumptions relating to future income, valuation, capex and is calculated on a fully stabilised basis.

HDN development pipeline overview

Accelerating value enhancing developments with future pipeline upscaled to \$600m



HDN is capitalising on its underutilised landbank to capture additional value and growth

FY23 Developments

>\$80m of development projects will commence in FY23 at ~7% target ROIC¹

>\$80m

Forecast commencements

>28,000m

Additional GLA

~7%

Target blended ROIC¹

Project	Indicative start date	Development opportunity	Indicative capex	Indicative completion
South Nowra <i>New South Wales</i>	Commenced	Repurpose ex-Masters site into retail and lifestyle precinct	~\$13m	2H FY23
Glenmore Park <i>New South Wales</i>	Commenced	Centre expansion through addition of new health and services precinct	~\$23m	1H FY24
Mackay <i>Queensland</i>	Commenced	First stage of multi-stage LFR and lifestyle expansion opportunity on excess land	~\$34m	2H FY24
Cranbourne <i>Victoria</i>	Commenced	Centre expansion through construction of additional daily needs GLA	}>\$10m	1H FY24
Gregory Hills Home <i>New South Wales</i>	2H FY23	Construction of new LFR Pad site		
Toowoomba <i>Queensland</i>	2H FY23	Centre expansion through construction of new childcare centre		

Major projects

Notes: 1. Return on Invested Capital (ROIC) represents cash yield on cost. Estimated ROIC is based on assumptions relating to future income, valuation, capex and is calculated on a fully stabilised basis.

FY23 major development projects

100% pre-committed with fixed price D&C contracts significantly de-risking projects

Health & Services precincts

GLENMORE PARK

100% pre-committed¹



Construction of 4 level Health & Services precinct anchored by Service NSW



2,400sqm of additional GLA

Leisure & Lifestyle precincts

SOUTH NOWRA

100% pre-committed¹



Repurposing of ex-Masters site and introduction of leading national leisure & lifestyle retailers



>11,000sqm of additional GLA

MACKAY

100% pre-committed¹



Construction of additional leisure & lifestyle precinct



~8,000 of additional GLA

Notes: 1. Including signed leases and MOUs.



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Braybrook (VIC)

4. Financial Results

Funds from Operations

Delivered FFO of 4.3 cents per unit (+8% vs. 1H FY22)

<i>\$ million</i>	1H FY22	1H FY23
Property NOI	44.3	124.3
Investment management fees	(5.4)	(8.9)
Other corporate expenses	(1.1)	(1.6)
EBITDA	37.9	113.8
Net interest expense	(7.2)	(24.5)
FFO	30.6	89.4
Units on issue (wtd avg) (m)	766.2	2,069.2
FFO per unit (cents)	4.0	4.3
Distribution per unit (cents)	4.1	4.2

- HDN reported Funds from Operations (FFO) of \$89.4m for 1H FY23. The increase vs 1H FY22 was driven by the full period impact of the Aventus transaction which completed in March 2022, solid underlying rental growth resulting from strong re-leasing spreads and high occupancy and the execution of developments
- Movement in investment management fees reflects increased portfolio scale following Aventus transaction
- 8% increase in FFO per unit of 4.3 cents vs 1H FY22 with property NOI offsetting higher net interest expense

Notes: Numbers may not total due to rounding.

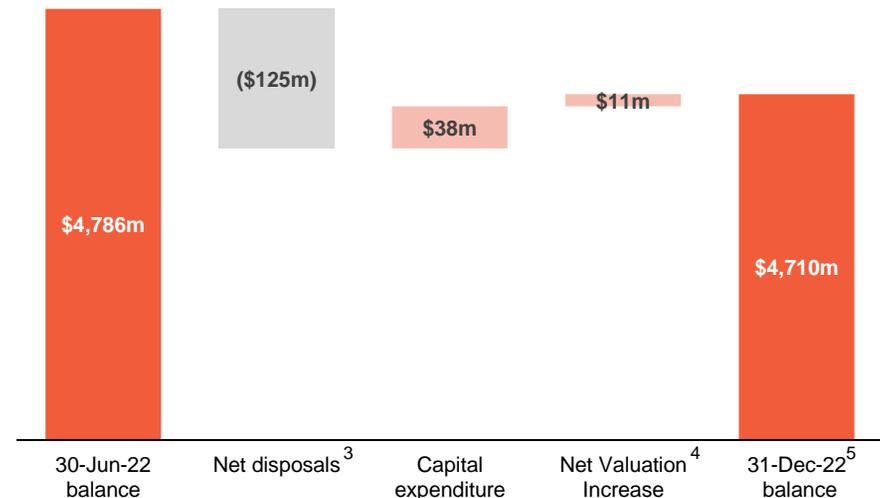
Balance sheet

Balance sheet remains robust with low gearing and resilient asset valuations

\$ million	Jun-22	Dec-22
Cash and cash equivalents	23.2	20.9
Assets held for sale	14.1	83.3
Investment property	4,739.9	4,594.1
Other	79.2	73.3
Total assets	4,856.2	4,771.6
Borrowings	(1,590.1)	(1,507.1)
Lease liability	(11.5)	(11.4)
Other	(116.9)	(101.7)
Total liabilities	(1,718.5)	(1,620.2)
Net assets	3,137.7	3,151.4
Gearing ¹	32.7%	31.5%
Units on issue (m)	2,067.7	2,071.1
NTA per unit (\$)²	1.52	1.52

- Net valuation gains from investment properties were relatively flat with an \$11m net increase⁴ resulting from NOI gains, offsetting cap. rate softening at select properties
- Drawn debt reduced to \$1.5bn with the proceeds from the sale of Sunshine Coast Home which completed in 1H FY23

Property Valuation Bridge



WACR	5.3%	5.3%
NTA/unit	\$1.52	\$1.52

Notes: Numbers may not total due to rounding. 1. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents. 2. NTA includes the fair value of derivatives. 3. Net disposals includes gain on sale of Sunshine Coast. 4. Net valuation increase includes fair value movement and straightlining. 5. Balance includes McGraths Hill (\$57.8m) (25.3% owned by HDN) on a 100% basis, which is equity accounted and excludes ROU asset at Parafield and Caringbah (\$11.4m) and excludes Epping (\$69.2m).

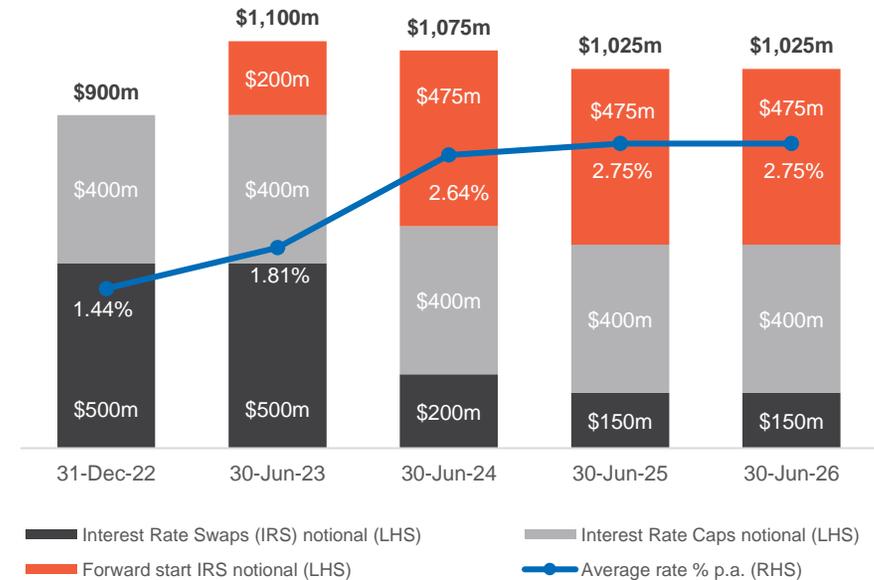
Capital management

Strong liquidity of \$325m and ~70% hedged debt from Jun-23 to Jun-26¹

\$ million	Jun-22	Dec-22
Debt summary		
Facility limit (bank debt)	1,820.0	1,820.0
Drawn debt	1,600.5	1,515.6
Weighted avg. tenor (years) ²	3.0	2.5
Liquidity		
Senior facility undrawn	219.5	304.4
Cash at bank	23.2	20.9
Total liquidity	242.7	325.3
Key debt metrics		
Gearing ³	32.7%	31.5%
% of debt hedged	67.2%	59.4%
Hedged debt tenor (years)	2.8	2.8
Weighted avg. debt cost (% p.a.) ⁴	2.5%	3.6%

- HDN entered into \$475m of forward start interest rate swap hedges post Dec-22 commencing from Jun-23, at an average fixed rate of 3.5% p.a.
- Approximately 70% of drawn debt is now hedged from Jun-23 to Jun-26⁵

Current hedge book (vs. hedged BBSY % p.a.)



Notes: Numbers may not total due to rounding. 1. Based on Dec-22 drawn debt. 2. Based on drawn debt only. 3. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Lease liabilities and Cash and cash equivalents. 4. Includes undrawn line fees.



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Victoria Point (QLD)

5. Outlook & Guidance

FY23 Outlook and guidance

FFO and DPU guidance maintained despite higher interest costs

FY23 OUTLOOK

- 1 HDN reaffirms FY23 FFO/ unit and DPU guidance of 8.6 cents and 8.3 cents, respectively. Key guidance assumptions include:
 - 3.8% comparable NOI growth²,
 - >\$80m development commencements at ~7% target ROIC³; and
 - a 3.5% average BBSY in 2H FY23
- 2 HDN is well positioned going into a more subdued consumer spending environment with a portfolio underpinned by strong investment and operating fundamentals
- 3 In addition, HDN has a strong balance sheet with funding capacity for its development pipeline and potential accretive acquisitions which are not included in guidance

FY23 GUIDANCE

8.6 cents
FY23 FFO/unit¹

8.3 cents
FY23 DPU

Compelling growth outlook underpinned by HDN's defensive daily needs tenants, strategic landbank and lowly geared balance sheet



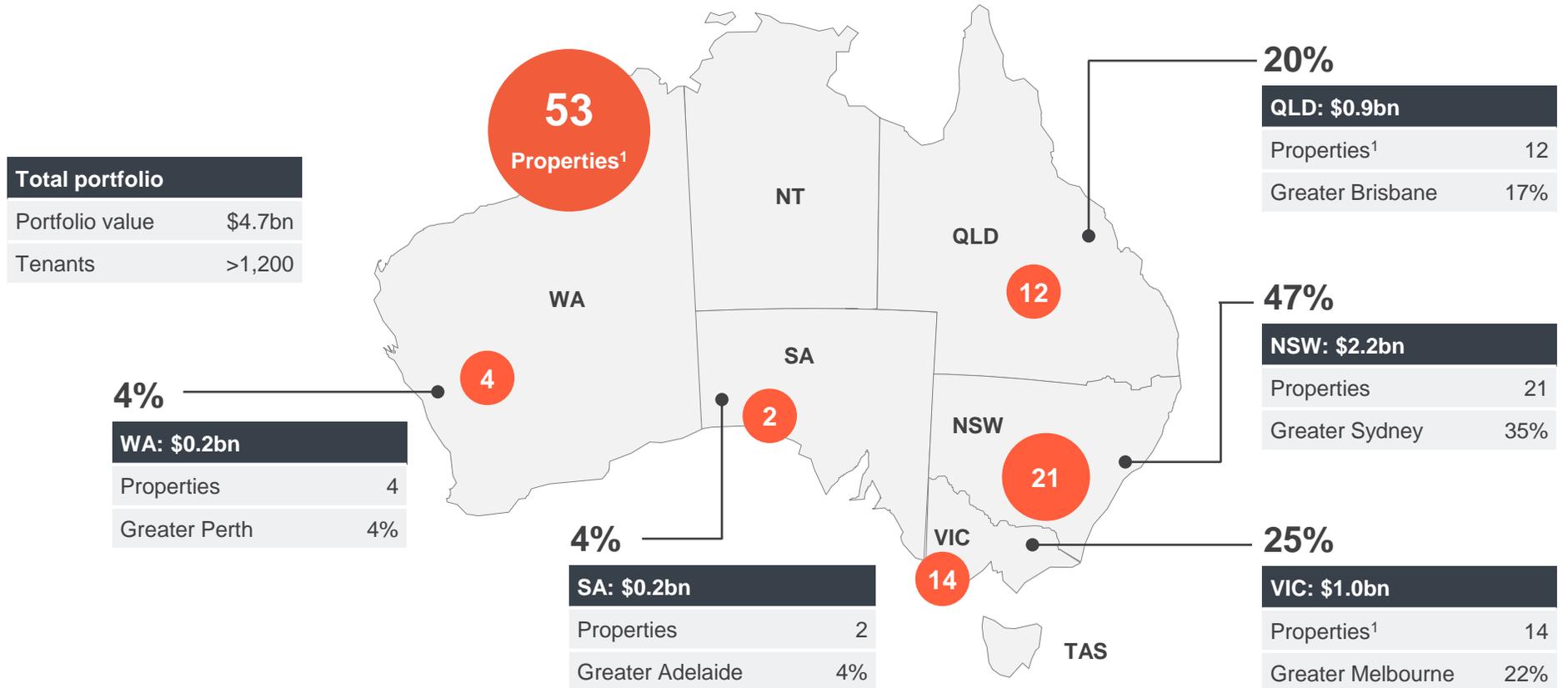
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Castle Hill (NSW)

6. Supplementary Information

National portfolio

Critical last mile infrastructure supporting omni-channel retailing and fulfilment across Australia



HDN has a leading strategic network of sites located across metropolitan growth corridors

Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.2m). 1. Richlands land parcels (108 Pine Road & 159-177 Progress Road) and Armstrong Creek Pad site and land parcel (Lot C) are consolidated into the adjacent head property.

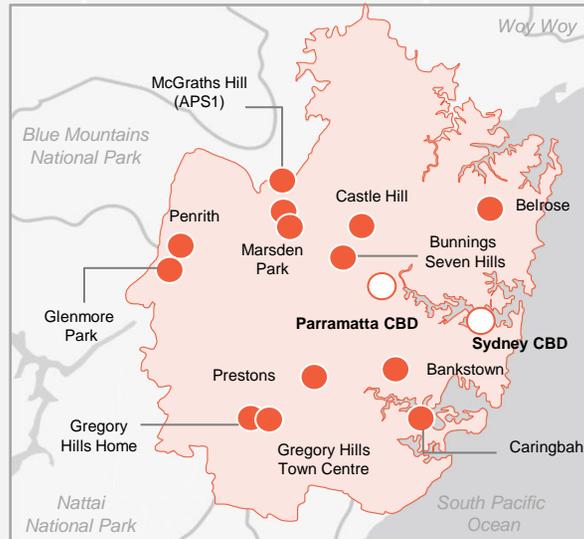
HDN Owns Strategic Last Mile Infrastructure

Strategic footprint spanning 2.5m sqm in Australia's leading metropolitan markets & growth corridors

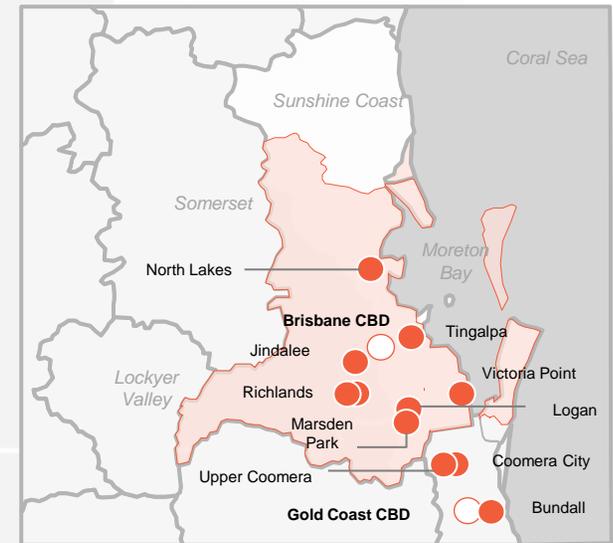
Greater Melbourne



Greater Sydney



Greater Brisbane & Gold Coast



\$1.0bn

Total value

22%

of total portfolio

\$1.7bn

Total value

35%

of total portfolio

\$0.8bn

Total value

18%

of total portfolio

Significant portfolio weighting >79% to metropolitan markets and critical last mile infrastructure real estate

Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.2m).

Last Mile Fulfilment

~77%¹ of HDN's tenants are using their existing store network for omni-channel fulfilment

Click & Collect

Supermarkets



Direct to Boot & Pick Up - Woolworths Hawthorn

- Direct to Boot and Pick up (available for same-day collection if ordered before 1pm) with same-day home delivery supported at all HDN Woolworths & Coles.
- Direct to Boot transactions currently represent 12-15% of sales, increasing from 5% in the last two years

In-Store Fulfilment

LFR - Automotive



In-store Fulfilment - Repco Penrith

- Delivery fleet of over 100+ vehicles across the Repco store network supporting 4 hour same-day delivery to addresses within 5km of an ordering store
- Existing store footprint dedicated to both stock warehousing and online order fulfilment

Click & Collect

Food retailers



Food Service Delivery Areas – El Jannah Gregory Hills

- Counter service area for third-party ordering platforms and delivery partners supports delivery and pick up orders
- Current delivery partners include Uber Eats, Menulog and DoorDash

In-Store Fulfilment

LFR - Electrical



In-store Fulfilment – Bing Lee

- Goods ordered online are available for collection same-day or within two hours of the initial order
- Offers same-day and next-day delivery in selected stores within certain metropolitan areas utilising their existing store network

Notes: 1. Weighted by gross income, includes tenants that offer delivery and/or Click & Collect, excludes services and petrol tenants.

Investment in HMC Capital’s Last Mile Logistics (LML) Fund

Strategic investment in complementary strategy that provides future growth optionality

LML Fund overview	
Investment strategy	<ul style="list-style-type: none"> Acquire core plus transition assets with upside via repositioning into essential last mile real estate infrastructure
Fund overview	<ul style="list-style-type: none"> Core plus unlisted fund \$1bn target fund size with \$500m target equity raise Initial term of 7 years
Complementary investment mandate	<ul style="list-style-type: none"> The LML Fund will not acquire assets that fall under HDN’s investment mandate without HDN being offered the opportunity first The LML Fund will grant HDN with a right of first offer, but not an obligation, to acquire properties from the LML Fund which have been successfully transitioned into core daily needs assets
Seed acquisition (Menai Marketplace)	<ul style="list-style-type: none"> Highly productive asset located in the Sutherland Shire Location, tenancy mix, short WALE and low site coverage support repositioning opportunity
Funding	<ul style="list-style-type: none"> \$50m investment by HDN (~10% total equity) \$42m commitment from Woolworths¹ Balance of equity expected to be raised from institution(s) currently completing due-diligence and internal approvals
Target returns	<ul style="list-style-type: none"> Targeting 10%+ unlevered returns

Rationale
<p>STRATEGIC INVESTMENT</p> <p>\$50m equity investment (~1% total HDN portfolio)</p>
<p>COMPLEMENTARY MANDATE</p> <ul style="list-style-type: none"> ✓ Two distinct investment mandates & risk profiles ✓ HDN predominately targets stabilised, not transition, assets ✓ HDN has no sub-regional, DDS or DS exposure
<p>ACQUISITION PIPELINE</p> <p>Potential to create a significant future acquisition pipeline once assets have been repositioned in the LML Fund</p>



Notes: 1. To be repaid within 2 years by funds raised from institutional investors.

Additional financial information

Statutory profit to FFO reconciliation

<i>\$ million</i>	1H FY23
Total revenue	166.5
Share of profits from associates – APS1	0.2
Property expenses	(41.5)
Investment management fees	(8.9)
Other corporate expenses	(1.6)
Operating EBITDA	114.7
Fair value movement (net)	7.6
Transaction costs	(0.4)
EBITDA	121.9
Net interest expense	(26.5)
Statutory Profit/(Loss)	95.4
Less:	
Straightlining and amortisation	1.1
Fair Value movement	(7.6)
Transaction costs	0.4
Rent Guarantee Income	0.1
FFO	89.4
Units on issue (wtd avg) (m)	2,069.2
FFO per unit (cents)	4.3

Portfolio summary metrics

Asset	State	GLA (sqm)	Site area (sqm)	Site Coverage (%) ¹	Occupancy (by area) ²	WALE (by income) ³	Fair Value (\$m)	Cap rate (%)
Operating								
Armstrong Creek	VIC	9,657	20,650	47%	97%	8.6	74	5.00%
Armstrong Creek PAD	VIC	2,882	10,929	26%	100%	7.6	24	4.25%
Ballarat	VIC	20,099	52,084	39%	100%	3.6	57	5.75%
Bankstown	NSW	17,534	40,240	44%	100%	3.6	95	5.25%
Belrose	NSW	36,594	44,265	83%	99%	2.9	233	5.25%
Box Hill	VIC	13,903	40,475	34%	100%	7.1	69	5.25%
Braybrook	VIC	15,354	41,412	37%	100%	7.9	92	4.75%
Bundall	QLD	10,458	16,450	64%	100%	4.5	44	5.75%
Bunnings Seven Hills	NSW	13,440	22,300	60%	100%	8.5	66	4.25%
Butler	WA	17,452	42,173	41%	100%	7.7	47	5.75%
Caringbah	NSW	20,857	22,818	91%	98%	3.2	184	5.00%
Castle Hill	NSW	50,721	59,920	85%	100%	3.3	392	5.50%
Coffs Harbour	NSW	9,812	24,270	40%	100%	7.0	29	5.75%
Coomera City Centre	QLD	7,560	29,060	26%	99%	6.2	65	5.00%
Cranbourne	VIC	59,638	192,818	31%	100%	4.2	210	5.75%
Ellenbrook	WA	12,138	30,002	40%	98%	8.1	26	6.00%
Epping	VIC	22,133	91,240	24%	97%	2.0	69	6.00%
Glenmore Park Town Centre	NSW	17,119	45,859	37%	98%	5.5	162	5.00%
Gregory Hills Home Centre	NSW	9,633	26,690	36%	100%	5.1	39	5.00%
Gregory Hills Town Centre	NSW	11,715	46,260	25%	100%	7.5	104	4.75%
Hawthorn East	VIC	11,492	28,300	41%	99%	6.9	76	4.75%
Highlands	NSW	11,482	31,890	36%	100%	2.7	49	5.50%
Jindalee	QLD	26,424	72,030	37%	100%	3.1	198	5.25%
Joondalup	WA	17,192	44,260	39%	100%	7.0	58	5.75%
Keysborough	VIC	11,831	35,610	33%	100%	8.1	49	5.50%
Kotara	NSW	29,112	53,390	55%	100%	3.9	172	5.25%
Lismore	NSW	8,784	34,750	25%	100%	3.9	21	6.50%
Logan	QLD	27,117	26,800	101%	100%	3.1	130	5.50%
Mackay	QLD	11,812	108,700	11%	100%	3.5	42	5.75%
Marsden Park	NSW	11,499	34,920	33%	100%	4.0	60	5.25%
Marsden Park (AVN)	NSW	19,781	39,900	50%	100%	3.6	124	5.25%
Marsden Park QLD	QLD	8,221	58,010	14%	96%	7.2	64	5.50%
McGraths Hill	NSW	16,478	37,840	44%	100%	3.0	58	5.50%
Midland	WA	23,410	42,640	55%	100%	3.7	76	6.00%
Mile End	SA	33,906	71,320	48%	100%	2.8	150	5.75%
Mornington	VIC	11,425	35,030	33%	100%	8.3	64	5.00%
North Lakes	QLD	11,468	39,910	29%	99%	4.5	46	5.50%
Pakenham	VIC	28,950	76,220	38%	100%	4.9	110	5.50%
Parafield	SA	15,571	37,122	42%	100%	4.2	29	6.25%
Peninsula	VIC	33,418	84,670	39%	100%	3.3	144	5.50%
Penrith	NSW	12,491	30,150	41%	100%	4.0	65	5.25%
Prestons	NSW	5,192	15,790	33%	100%	4.9	46	4.75%
Richlands	QLD	12,958	48,610	27%	90%	9.7	51	6.00%
Rosenthal	VIC	4,809	17,733	27%	100%	6.0	36	4.75%
South Morang	VIC	11,172	35,700	31%	100%	4.4	44	5.50%
Tingalpa	QLD	10,365	27,720	37%	100%	3.7	42	5.50%
Toowoomba South	QLD	11,360	32,248	35%	97%	4.2	39	6.00%
Tuggerah	NSW	38,421	127,410	30%	99%	4.0	132	5.75%
Upper Coomera	QLD	11,641	39,040	30%	99%	4.1	53	5.00%
Victoria Point	QLD	20,888	76,080	27%	96%	6.4	157	4.75%
Vincentia	NSW	9,578	21,600	44%	97%	5.1	69	5.25%
Warners Bay	NSW	12,336	35,140	35%	100%	3.2	57	5.75%
Woodlea	VIC	8,540	26,705	32%	98%	9.1	62	4.75%
Development								
Armstrong Creek Lot C	VIC	n.m.	27,480	n.m.	n.m.	n.m.	15	n.m.
Richlands (excess land)	QLD	n.m.	45,230	n.m.	n.m.	n.m.	18	n.m.
South Nowra	NSW	11,141	28,000	40%	100%	n.m.	26	5.75%
HDN Portfolio		928,962	2,527,863	37%	99%	4.6	4,710	5.34%

Notes: All 1H FY23 metrics as at 31-Dec-22, including McGraths Hill on a 100% basis (\$57.8m) (25.3% owned by HDN) and excluding ROU assets at Parafield and Caringbah (\$11.2m). 1. Ratio of GLA to site area, where GLA does not include carparks. 2. By GLA and includes rental guarantees, signed leases and MoUs. 3. By gross income for signed leases and signed MoUs.

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