



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

18 December 2023

### HOME CO DAILY NEEDS REIT ANNOUNCES DECEMBER 2023 PROPERTY VALUATIONS AND DECLARES DECEMBER 2023 DISTRIBUTION

#### KEY HIGHLIGHTS

- December 2023 preliminary unaudited net valuation impact of -\$46m, driven primarily by 15bps of cap rate expansion and partially offset by strong net operating income growth
  - Internal valuations reflect a capitalisation rate of 5.63% vs. independent valuations of 5.59%
- Strong balance sheet maintained with pro-forma gearing below the midpoint of 30-40% target range<sup>1</sup>
- Distribution of 2.075 cents per unit for the quarter ended 31 December 2023 declared
- FY24 DPU guidance of 8.3 cents reaffirmed
- FY24 FFO guidance of 8.6 cents per unit reaffirmed

HomeCo Daily Needs REIT (**ASX: HDN**) CEO, Sid Sharma said, “*Strong net operating income growth across the portfolio continues to support asset values despite a modest easing in capitalisation rates. Our continued ability to transact on assets in line with book values also reflects the quality of our metro located portfolio and has provided valuers with the necessary evidence to support valuations.*”

*Our assets continue to outperform, with occupancy and cash collections exceeding 99%, which is translating into strong re-leasing spreads of >6.5% whilst importantly maintaining low incentives of ~5%. This is being underpinned by HDN's exposure to a predominantly national tenant base, metropolitan locations and focus on essential retail, services, and omni-channel infrastructure which are noncyclical.”*

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1. Pro-forma for unaudited net valuation impact at 31 December 2023 and contracted net acquisitions and divestments in 1H FY24.

## DECEMBER 2023 PRELIMINARY UNAUDITED PORTFOLIO VALUATION

In accordance with the stated valuation policy of HDN, preliminary unaudited valuations for all 56<sup>2,3</sup> owned properties in the portfolio have been completed. This comprised 21 independent valuations representing ~37% of the properties by number with the remaining 33 properties completed by internal valuation.

The preliminary unaudited portfolio valuation, which remains subject to half-year audit, has increased by \$57 million (1.2%) to \$4,734 million (vs. 30 June 2023). Net of acquisitions and transfers to assets held for sale of \$56 million as well as capital expenditure incurred during the period of \$46 million, this represents a net valuation decrease of \$46 million (-1.0%).

Preliminary unaudited portfolio valuation	Independent valuations	Internal valuation	Acquisitions / Held for Sale	Total	Portfolio WACR (%)
# properties	21	33	2	56	
<b>30 June 2023 valuation<sup>3</sup></b>	<b>\$1,723m</b>	<b>\$2,837m</b>	<b>\$117m</b>	<b>\$4,677m</b>	<b>5.46%</b>
Net acquisitions and disposals <sup>5</sup>	\$20m	-	\$36m	<b>\$56m</b>	
Capital expenditure	\$13m	\$33m	-	<b>\$46m</b>	
Net valuation increase / (decrease) <sup>4</sup>	(\$29m)	(\$18m)	-	<b>(\$46m)</b>	
<b>31 December 2023 valuation</b>	<b>\$1,728m</b>	<b>\$2,853m</b>	<b>\$153m</b>	<b>\$4,734m</b>	<b>5.61%</b>
<b>Gross increase / (decrease)</b>	<b>0.3%</b>	<b>0.5%</b>	-	<b>1.2%</b>	
<b>Net increase / (decrease)</b>	<b>(1.7%)</b>	<b>(0.6%)</b>	-	<b>(1.0%)</b>	

## DECEMBER 2023 QUARTER DISTRIBUTION DECLARATION

HMC Funds Management Limited as Responsible Entity of HDN has declared the quarterly distribution for the period 1 October 2023 to 31 December 2023 of 2.075 cents per unit. The Distribution Reinvestment Plan is activated for this quarter with no discount. The key dates and details for the December 2023 distribution are:

Event	Date
Distribution amount	2.075 cents per unit
Ex-distribution date	Thursday, 28 December 2023
Record date	Friday, 29 December 2023
Last date to elect to participate in DRP	Tuesday, 2 January 2024
Payment date and despatch of statements	On or about Wednesday 21 February 2024
VWAP Period	Wednesday, 3 January 2024 to Tuesday, 9 January 2024
DRP Price Announcement	Wednesday, 10 January 2024
Discount	Nil

2. Includes McGraths Hill and Menai which are equity accounted at their respective ownership portions of 25.33% and 50.1% respectively.

3. Excludes Caringbah ROU asset.

4. Net movements exclude straight lining, amortisation and capitalised transaction costs.

5. Including assets held for sale.

This announcement is approved for release by the Board of the Responsible Entity.

For further information please contact:

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### **About HomeCo Daily Needs REIT**

*HomeCo Daily Needs REIT (HDN) 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. HDN aims to provide unitholders with consistent and growing distributions.*

*HDN is Australia's leading daily needs REIT with total assets of approximately \$4.7bn spanning approximately 2.5 million square metres of land in Australia's leading metropolitan growth corridors of Sydney, Melbourne, Brisbane, Perth and Adelaide. HDN is also a strategic investor in the Last Mile Logistics (LML) unlisted fund, a complementary mandate which targets core plus transition assets with upside via repositioning into essential last mile real estate infrastructure.*

### **Important Notice - Forward-Looking Statements**

*This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings and financial position and performance. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of HomeCo Daily Needs REIT. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.*

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