



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

17 February 2021

HOME CO DAILY NEEDS REIT – APPENDIX 4D AND HY21 FINANCIAL REPORT

HomeCo Daily Needs REIT (ASX: HDN) provides the attached Appendix 4D and HY21 Financial Report.

-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.

1. Company details

Name of entity:	HomeCo Daily Needs REIT
ARSN:	645 086 620
Reporting period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

HomeCo Daily Needs REIT (the 'Trust') was established on 7 October 2020 and registered by Australian Securities and Investments Commission ('ASIC') as a managed investment scheme on 15 October 2020. On that basis, the financial period presented in the financial statements is from 15 October 2020 to 31 December 2020, which is the notional first half-year reporting period in accordance with ASIC Instrument 20-1174 applicable to HMC Funds Management Limited in its capacity as Responsible Entity of HomeCo Daily Needs REIT.

On 23 November 2020, the Trust was listed on the Australian Securities Exchange ('ASX'). As part of that transaction Home Consortium (ASX: HMC) transferred a portfolio of properties to the Trust and distributed units in the Trust in accordance with the Product Disclosure Statement ('PDS') and Explanatory Memorandum ('EM') lodged with the ASX.

Whilst the financial statements commence from 15 October 2020, the Trust's financial performance for the period ended 31 December 2020 was materially influenced by the transfer of properties from Home Consortium and commencement of property income from 20 November 2020. This Appendix 4D should be read in conjunction with the attached Directors' report and the financial statements.

	\$m
Revenues from ordinary activities	6.8
Loss from ordinary activities	(22.2)
Loss for the half-year	(22.2)

Distributions

There were no distributions paid, recommended or declared during the current financial period.

Comments

The loss for the group amounted to \$22.2 million.

The loss was primarily attributable to acquisition and transactions costs of \$5.6 million associated with the ASX listing and negative fair value movements in investment properties of \$19.6 million comprising the transaction costs incurred with respect to property acquisitions of \$26.3 million and positive revaluations of \$6.7 million.

Refer to the attached directors' report for detailed commentary on review of operations and financial performance.

3. Net tangible assets

	31 Dec 2020 \$
Net tangible assets per unit	<u>1.34</u>

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of HomeCo Daily Needs REIT for the half-year ended 31 December 2020 is attached.

6. Signed

As authorised by the Board of Directors

Signed _____

Simon Shakesheff
Chairman

Date: 16 February 2021

HomeCo Daily Needs REIT

ARSN 645 086 620

Interim Report - 31 December 2020

The directors of HMC Funds Management Limited (ABN 89 105 078 635, AFSL 237257) (the 'Responsible Entity'), present their report together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of HomeCo Daily Needs REIT (referred to hereafter as the 'Trust' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2020.

HMC Funds Management Limited is a wholly owned subsidiary of the ASX listed entity Home Consortium Developments Limited (ASX: HMC).

The Trust was registered by ASIC as a managed investment scheme on 15 October 2020. On 23 November 2020, the Trust was listed on the ASX. The current period presented in the financial statements is for the period 15 October 2020 to 31 December 2020 which is the notional first half-year reporting period in accordance with ASIC Instrument 20-1174 applicable to HMC Funds Management Limited in its capacity as Responsible Entity of HomeCo Daily Needs REIT.

Directors

The following persons were directors of the Responsible Entity during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Simon Shakesheff - Independent Non-Executive Chairman	(appointed on 16 October 2020)
Simon Tuxen - Independent Non-Executive Director	(appointed on 16 October 2020)
Stephanie Lai - Independent Non-Executive Director	(appointed on 16 October 2020)
David Di Pilla - Non-Executive Director	(appointed on 18 September 2020)
Greg Hayes - Non-Executive Director	(appointed on 16 October 2020)

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia. The principal activity of the group is the investment in a portfolio of stabilised, predominantly metro-located, convenience focused assets, diversified across neighbourhood retail, large format retail and health and services within Australia.

The group did not have any employees during the period.

Review of operations and financial performance

Significant events of the group occurring for the period ended 31 December 2020 were consistent with those as outlined in the PDS and included the following:

- The Trust listed on the ASX on 23 November 2020;
- The Trust raised \$300 million of new equity by issuing approximately 225.6 million units at \$1.33 per unit;
- A senior secured debt facility was entered into which was subsequently upsized from \$400 million to \$500 million;
- The group acquired a portfolio of 17 properties with a total fair value of \$843.5 million including 13 properties transferred from HMC for \$565.7 million;
- HMC stapled security holders received one unit in the Trust for every two stapled securities held in HMC via a capital distribution, resulting in the transfer of approximately 128.6 million units to HMC securityholders; and
- HMC retained approximately 128.6 million units in the Trust (26.6% equity interest) on completion of the ASX listing.

The group also completed the acquisition of the Marsden Park (QLD) centre and Bunnings Seven Hills (NSW) in the period up to 31 December 2020. In addition, the group continued to progress the development of the Ellenbrook (WA) and Richlands (QLD) properties into convenience retail and services centres with an initial opening of anchor tenants at Ellenbrook (WA) in December 2020 ahead of scheduled centre openings in 2H FY21.

A summary of the financial performance of the group and a reconciliation between the net loss for the period and funds from operations ('FFO') of the group for the period ended 31 December 2020 is detailed below. Financial performance represents the period from incorporation on 7 October 2020, however, there was no material income of the group until the transfer of the properties occurred from HMC on 20 November 2020.

The group recorded total revenue of \$6.8 million, a net loss of \$22.2 million and FFO of \$3.1 million. The loss was primarily attributable to acquisition and transaction costs of \$5.6 million associated with the ASX listing and negative fair value movements in investment properties of \$19.6 million comprising:

- The transaction costs incurred with respect to property acquisitions of \$26.3 million; and
- The positive revaluations of \$6.7 million.

Summary of financial performance

Currency: \$ million (unless specified)

	Consolidated 31 Dec 2020 \$'m
Total revenue	6.8
Net loss for the period	(22.2)
Funds from operations ('FFO')	3.1
Number of units on issue (million)	482.9
FFO per unit (cents per unit)	0.65
Net loss for the period	(22.2)
Straight lining and amortisation	(0.2)
Acquisition and transaction costs	5.6
Rent guarantee income	0.1
Amortisation of borrowing costs	0.2
Fair value movements	19.6
FFO	<u>3.1</u>

Summary of financial position

A summary of the group's financial position as at 31 December 2020 is outlined below.

Currency: \$ million (unless specified)

	Consolidated 31 Dec 2020 \$'m
Assets	
Total assets	1,008.6
Net assets	644.8
Net tangible assets	644.8
Number of units on issue (million)	482.9
Net tangible assets (\$ per unit)	1.34
Capital management	
Debt facility limit	500.0
Drawn debt	352.0
Cash and undrawn debt	154.4
Gearing ratio (%)	34.5%
Hedged debt (%)	-
Cost of debt (% per annum)	2.6%

Property portfolio:

Investment properties increased to \$959.3 million driven by the acquisitions of Marsden Park (QLD) and Bunnings Seven Hills (NSW) properties and capital spend at the Richlands (QLD) and Ellenbrook (WA) development projects.

Net tangible assets:

Net tangible assets ('NTA') is calculated as the total equity divided by units on issue. The Trust reported NTA of \$1.34 per unit as at 31 December 2020

Capital management:

The group entered into a \$400 million three-year senior secured syndicated debt facility at the time of the PDS. This facility was subsequently upsized to a \$500 million three-year facility in December 2020 during the syndication process. The group had \$154.4 million in cash and undrawn debt as at 31 December 2020 and gearing of 34.5% following the acquisition of Marsden Park (QLD) and Bunnings Seven Hills (NSW) which were debt-funded. The Trust's debt remains unhedged and the cost of debt was 2.6% per annum as at 31 December 2020.

Matters subsequent to the end of the financial half-year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has not had any significant impact on the group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian State and Federal authorities and other countries, such as vaccine programs, social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts

The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors


Simon Shakesheff
Chairman


David Di Pilla
Director

16 February 2021



Auditor's Independence Declaration

As lead auditor for the review of HomeCo Daily Needs REIT for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of HomeCo Daily Needs REIT and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Scott Hadfield'.

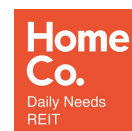
Scott Hadfield
Partner
PricewaterhouseCoopers

Sydney
16 February 2021

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HomeCo Daily Needs REIT
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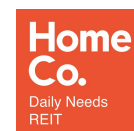
HomeCo Daily Needs REIT
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Property income	6	6.6
Interest income		0.2
Net unrealised fair value loss	12	(19.6)
Expenses		
Property expenses		(1.7)
Corporate expenses		(0.2)
Management fees		(0.8)
Acquisition and transaction costs	7	(5.6)
Finance costs	7	(1.1)
Loss for the half-year		(22.2)
Other comprehensive income for the half-year		-
Total comprehensive income for the half-year		<u>(22.2)</u>
		Cents
Basic earnings per unit	22	(4.93)
Diluted earnings per unit	22	(4.93)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

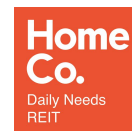
HomeCo Daily Needs REIT
Consolidated statement of financial position
As at 31 December 2020



	Note	Consolidated 31 Dec 2020 \$m
Assets		
Current assets		
Cash and cash equivalents	8	6.4
Trade and other receivables	9	7.2
Other assets	10	20.6
		<u>34.2</u>
Assets held for sale	11	14.1
Total current assets		<u>48.3</u>
Non-current assets		
Investment property	12	959.3
Other assets	10	1.0
Total non-current assets		<u>960.3</u>
Total assets		<u>1,008.6</u>
Liabilities		
Current liabilities		
Trade and other payables	13	18.0
Other liabilities		0.9
Total current liabilities		<u>18.9</u>
Non-current liabilities		
Borrowings	14	344.9
Total non-current liabilities		<u>344.9</u>
Total liabilities		<u>363.8</u>
Net assets		<u>644.8</u>
Equity		
Contributed equity	15	667.0
Accumulated losses		(22.2)
Total equity		<u>644.8</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

HomeCo Daily Needs REIT
Consolidated statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Contributed equity \$m	Accumulated losses \$m	Total equity \$m
Balance at 15 October 2020	-	-	-
Loss for the half-year	-	(22.2)	(22.2)
Other comprehensive income for the half-year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the half-year	-	(22.2)	(22.2)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 15)	667.0	-	667.0
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<u>667.0</u>	<u>(22.2)</u>	<u>644.8</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

HomeCo Daily Needs REIT
Consolidated statement of cash flows
For the half-year ended 31 December 2020



	Note	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Cash flows from operating activities		
Receipts from tenants (inclusive of GST)		5.7
Payments to suppliers (inclusive of GST)		(4.3)
Interest and other finance costs paid		(0.4)
		<hr/>
Net cash from operating activities		1.0
Cash flows from investing activities		
Payment for acquisition of investment property on demerger from Home Consortium Limited		(205.0)
Payment for acquisition of investment property		(426.3)
		<hr/>
Net cash used in investing activities		(631.3)
Cash flows from financing activities		
Proceeds from issue of units	15	300.0
Unit issue transaction costs		(7.9)
Proceeds from borrowings	14	352.0
Borrowing cost paid		(7.4)
		<hr/>
Net cash from financing activities		636.7
Net increase in cash and cash equivalents		6.4
Cash and cash equivalents at the beginning of the financial half-year		<hr/> -
Cash and cash equivalents at the end of the financial half-year		<hr/> <hr/> <u>6.4</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover HomeCo Daily Needs REIT (the 'Trust') as a consolidated entity consisting of HomeCo Daily Needs REIT and the entities it controlled at the end of, or during, the half-year (collectively referred to hereafter as the 'group'). The financial statements are presented in Australian dollars, which is HomeCo Daily Needs REIT's functional and presentation currency.

HomeCo Daily Needs REIT is a listed public investment trust, incorporated and domiciled in Australia. Its registered office and principal place of business is:

19 Bay Street
Double Bay
NSW 2028

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The current period presented in the financial statements is for the period 15 October 2020 to 31 December 2020, which is the notional first half-year reporting period in accordance with ASIC Instrument 20-1174.

HMC Funds Management Limited (AFSL 237257) (the 'Responsible Entity') is the responsible entity of the Trust.

The Responsible Entity has appointed HomeCo DNR Property Management Limited (the 'Property Manager') and HomeCo DNR Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to the group in accordance with an Investment Management and Property and Development Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are wholly owned subsidiaries of Home Consortium Developments Ltd (ASX: HMC).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 February 2021.

Note 2. Establishment and ASX Listing

The Trust was registered by ASIC as a managed investment scheme on 15 October 2020. On 23 November 2020 the Trust was listed on Australian Securities Exchange ('ASX').

As part of the establishment of the Trust, Home Consortium (ASX: HMC) transferred a portfolio of properties to the group and distributed units in the Trust in accordance with the PDS and EM lodged with the ASX.

Following HMC shareholder approval, and as part of the listing of the Trust on the ASX:

- The Trust raised \$300 million of new equity by issuing approximately 225.6 million units at \$1.33 per unit;
- A senior secured debt facility was entered into which was subsequently upsized from \$400 million to \$500 million;
- The group acquired a portfolio of 17 properties with a total fair value of \$843.5 million including 13 properties transferred from HMC for \$565.7 million;
- HMC stapled security holders received one unit in the Trust for every two stapled securities held in HMC via a capital distribution, resulting in the transfer of approximately 128.6 million units to HMC securityholders; and
- HMC retained approximately 128.6 million units in the Trust (26.6% equity interest) on completion of the ASX listing.

Note 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HomeCo Daily Needs REIT ('Trust' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the half-year then ended. HomeCo Daily Needs REIT and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The group recognises revenue as follows:

Property rental income

Property rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

Other property income

Other property income represents direct and indirect outgoings recovered from tenants. The group recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

Rental guarantees

Rental guarantees relating to property income are capitalised in the statement of financial position. They are measured at fair value, equal to the net present value of expected future cash flows under the guarantee arrangements.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 3. Significant accounting policies (continued)

Leasing costs and tenant incentives

Leasing costs

Leasing costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, fees and costs of preparing and processing documentation for new leases). These costs are capitalised and amortised on a straight-line basis over the term of the lease.

Tenant incentives

Incentives such as cash, rent-free periods, lessee or lessor owned fit-outs may be provided to lessees to enter into a lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of tenant incentives is reflected in the fair value of investment properties.

Management fees and other expenses

All expenses are recognised on an accrual basis. Management fees are recognised as the services are rendered. The services relate to property and fund management roles provided by the Property Manager and Investment Manager collectively known as the Manager(s). Management fees are charged in accordance with the management fee arrangements agreed with the group.

Income tax

The Trust is intended to be treated as a 'flow-through' entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the Trust will be taxable in the hands of the unitholders on an attribution basis.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Debts that are known to be uncollectable are written off when identified.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 3. Significant accounting policies (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current asset and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investment properties

Investment properties comprise of freehold investment properties held at fair value through profit or loss.

Freehold properties

Freehold properties are held for long-term rental yields and capital appreciation. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties are derecognised when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected from its disposal. Gains or losses resulting from the disposal of freehold property are measured as the difference between the carrying value of the asset and disposal proceeds at the date of disposal and are recognised when control over the property has been transferred.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial half-year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Significant accounting policies (continued)

Contributed capital

Units issued by the Trust are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

Earnings per unit

Basic earnings per unit

Basic earnings per unit is calculated by dividing the profit attributable to the owners of HomeCo Daily Needs REIT, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial half-year, adjusted for bonus elements in ordinary units issued during the financial half-year.

Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 31 December 2020. The group is in the process of assessing the impact of these new or amended Accounting Standards and Interpretations.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis, the capitalisation method or the use of observable inputs that require significant adjustments based on unobservable inputs.

The fair value assessment of investment property as at 31 December 2020 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance, however the future impacts of the COVID-19 pandemic are unknown and may impact property valuations. Refer to note 17 for details of valuation techniques used.

Note 5. Operating segments

The group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors of the Responsible Entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The directors of the Responsible Entity have determined that there is one operating segment being its Australian operations.

The CODM monitors the performance of the business on the basis of Funds from Operations ('FFO'). FFO represents the group's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit/loss for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a quarterly basis.

Refer to statement of financial position for segment assets and liabilities.

Major customers

During the half-year ended 31 December 2020, approximately 27% of the group's external revenue was derived from rental income from two main tenants.

Segment results

	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Funds from operations ('FFO')	3.1
Straight lining and amortisation	0.2
Acquisition and transaction costs	(5.6)
Rent guarantee income	(0.1)
Amortisation of borrowing costs	(0.2)
Fair value movements	(19.6)
	<hr/>
Net loss for the period	<u><u>(22.2)</u></u>

Note 6. Property income

	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Property rental income	5.9
Other property income	0.7
	<hr/>
Property income	<u>6.6</u>

Other property income includes recoveries from tenants recognised in accordance with AASB 15 'Revenue from contracts with customers'.

Disaggregation of revenue

The revenue from leases with tenants is derived entirely within Australia and recognised on straight-line basis over the lease term.

Note 7. Expenses

	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Loss includes the following specific expenses:	
<i>Acquisition and transaction costs:</i>	
IPO costs	5.6
	<hr/>
<i>Finance costs</i>	
Interest and finance charges paid/payable on borrowings	0.9
Amortisation of capitalised borrowing costs	0.2
	<hr/>
Finance costs expensed	<u>1.1</u>

Note 8. Cash and cash equivalents

	Consolidated 31 Dec 2020 \$m
<i>Current assets</i>	
Cash at bank	<u>6.4</u>

Note 9. Trade and other receivables

	Consolidated 31 Dec 2020 \$m
<i>Current assets</i>	
Trade receivables	0.4
Other receivables	0.2
Receivable from Home Consortium Limited	2.9
GST receivable	3.7
	<hr/>
	7.2
	<hr/> <hr/>

Note 10. Other assets

	Consolidated 31 Dec 2020 \$m
<i>Current assets</i>	
Prepayments	0.3
Security deposits	0.2
Property deposits*	18.5
Other current assets	1.6
	<hr/>
	20.6
	<hr/> <hr/>
<i>Non-current assets</i>	
Other non-current assets	1.0
	<hr/> <hr/>

* Property deposits represent amounts paid to Home Consortium Ltd for the Parafield property as part of the demerger which has not been transferred as at 31 December 2020.

Note 11. Assets held for sale

	Consolidated 31 Dec 2020 \$m
<i>Current assets</i>	
Investment properties	14.1
	<hr/> <hr/>

Assets held for sale represents a parcel of land at the property in Hawthorn East, Victoria that is contracted to be sold to Home Consortium Ltd upon sub-division of the land.

Note 12. Investment property

**Consolidated
31 Dec 2020
\$m**

Non-current assets

Investment property - at fair value

959.3

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:

Opening fair value

-

Additions upon demerger from Home Consortium Ltd (note 2)

550.6

Additions

428.3

Net unrealised loss from fair value adjustments*

(19.6)

Closing fair value

959.3

* Net unrealised loss from fair value adjustments comprises transaction costs incurred with respect to property acquisitions of \$26.3 million and positive revaluations of \$6.7 million.

Refer to note 17 for further information on fair value measurement.

Lease payments receivable (undiscounted)

**Consolidated
31 Dec 2020
\$m**

Minimum lease commitments receivable but not recognised in the financial statements:

1 year or less

55.5

Between 1 and 2 years

56.7

Between 2 and 3 years

53.6

Between 3 and 4 years

51.3

Between 4 and 5 years

45.4

Over 5 years

216.0

478.5

Note 13. Trade and other payables

**Consolidated
31 Dec 2020
\$m**

Current liabilities

Trade payables

10.2

Accrued expenses

7.1

Interest payable

0.5

Other payables

0.2

18.0

Note 14. Borrowings

	Consolidated 31 Dec 2020 \$m
<i>Non-current liabilities</i>	
Bank loans	352.0
Capitalised borrowing costs	<u>(7.1)</u>
	<u><u>344.9</u></u>

During the period, the group entered into a \$500 million debt facility expiring on 26 November 2023. The interest comprises a base rate plus a variable margin, determined by the prevailing loan to valuation ratio. The bank loans are secured by first mortgages over the group's freehold properties, including any classified as held for sale. The group has complied with the financial covenants during the financial half-year.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 31 Dec 2020 \$m
Total facilities	
Bank loans	<u>500.0</u>
Used at the reporting date	
Bank loans	<u>352.0</u>
Unused at the reporting date	
Bank loans	<u>148.0</u>

Note 15. Contributed equity

	Consolidated 31 Dec 2020 Units	31 Dec 2020 \$m
Ordinary class units - fully paid	<u>482,913,263</u>	<u>667.0</u>

Movements in ordinary units

Details	Date	Units	\$m
Balance	7 October 2020	-	-
Units issued to Home Consortium Ltd (ASX: HMC)	20 November 2020	257,226,546	379.2
Units issued on initial public offering (at \$1.33 per unit)	26 November 2020	225,563,910	300.0
Units issued to directors of Responsible Entity	26 November 2020	122,807	0.2
Transaction costs on issue of units		<u>-</u>	<u>(12.4)</u>
Balance	31 December 2020	<u>482,913,263</u>	<u>667.0</u>

All units in the Trust are of the same class and carry equal rights to capital and income distributions. The fully paid units have no par value and the Trust does not have a limited amount of authorised capital.

On a show of hands every unitholder present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

Note 15. Contributed equity (continued)

Unit buy-back

There is no current on-market unit buy-back.

Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the period.

Note 16. Distributions

There were no distributions paid, recommended or declared during the current financial half-year.

Note 17. Fair value measurement

Fair value hierarchy

The following table details the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment property - freehold	-	-	959.3	959.3
Investment property - held for sale	-	-	14.1	14.1
Total assets	-	-	973.4	973.4

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The discounted cash flow method and the capitalisation method is also considered for fair value. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report. Where directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

Note 17. Fair value measurement (continued)

Level 3 assets and liabilities

Description	Unobservable inputs	Range (weighted average) 31 Dec 2020
Investment property - freehold and held for sale	(i) Capitalisation rate	4.5% to 7% (5.9%)
	(ii) Discount rate	6.0% to 8% (6.7%)
	(iii) Terminal yield	4.8% to 7.3% (6.1%)
	(iv) Rental growth	1.7% to 3% (2.4%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher growth rate will lead to a higher fair value. The capitalisation rate is the most significant input into the valuation of investment property and therefore most sensitive to changes in valuation. A 25 basis point change in capitalisation rate would increase/decrease fair value by \$44.6 million.

The ongoing COVID-19 pandemic requires a higher degree of judgement when considering the significant inputs that are assessed to determine the fair value of investment property. This is due to the uncertain future impact of the pandemic on key market inputs as well as the future financial performance of the investment properties. External valuation firms have acknowledged a 'material valuation uncertainty', which does not invalidate the market valuation however serves to highlight that the fair value assessment has been conducted using the information available at the time of the report and best estimates of future performance, however, the future impacts of the COVID-19 pandemic are unknown and may impact property valuations.

Note 18. Contingent liabilities

The group had no contingent liabilities as at 31 December 2020.

Note 19. Commitments

Capital commitments

Committed at the reporting date but not recognised as liabilities:

Capital expenditure

Consolidated
31 Dec 2020
\$m

15.9

Note 20. Related party transactions

Responsible entity

HMC Funds Management Limited (AFSL 237257) ('Responsible Entity') is the responsible entity of the Trust.

Investment Manager and Property Manager

The Responsible Entity has appointed HomeCo DNR Property Management Limited (the 'Property Manager') and HomeCo DNR Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to the group in accordance with an Investment Management and Property and Development Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are wholly owned subsidiaries of Home Consortium Developments Ltd (ASX: HMC).

Parent entity

HomeCo Daily Needs REIT is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Note 20. Related party transactions (continued)

Transactions with related parties

Responsible Entity fees:

Under the constitution, the Responsible Entity is entitled to be paid a fee equal to 1% per annum (plus GST) of the gross asset value (GAV) but will not be paid this fee whilst the Managers are receiving the fees under the Management Agreements. The fee will be calculated on a pro-rata basis for any part period. The Responsible Entity will also be reimbursed for all expenses incurred, including those in connection with the establishment, promotion and operation of the Trust, in properly performing its duties.

The following fees are payable under the Investment Management Agreement:

- The Investment Manager is entitled to receive a base management fee of 0.65% per annum of GAV of the group up to \$1.5 billion, and 0.55% per annum of the GAV in excess of \$1.5 billion. The management fee is payable monthly in arrears.
- Acquisition fees of 1.00% of the purchase price of any assets directly or indirectly acquired by the group in proportion to the group's economic interest in the assets.
- Disposal fees of 0.50% of the sale price of any assets directly or indirectly disposed by the group in proportion to the group's economic interest in the assets.
- The Investment Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services, including all taxes and amounts it pays to third parties for which it is also separately indemnified.

The following fees are payable under the Property Management Agreement:

- Property management fees of 3.0% of gross income for each property for each month.
- New tenant lease fees of 15.0% of the face rent for the first year of the lease term where the tenant is new to the property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the group).
- Lease renewal fee of 7.5% of the face rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the property (any costs associated with an external party to assist with leasing is payable directly by the Property Manager and will not be an additional cost to the group).
- Lease administration and design fees charge on a cost recovery basis, unless payable by the tenant.
- Development management fee of 5.0% of the development costs in relation to the first \$2.5 million of the project costs at each project and 3.0% of the development costs thereafter.
- The Property Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services.

The following transactions occurred with related parties:

	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$'000
Payment for goods and services:	
Management fees paid or payable to the Investment Manager and Property Manager	2,737
Responsible Entity expenses reimbursed	45
Payments to Home Consortium Limited*	20,665
Other transactions:	
Interest income from Home Consortium Limited (rental guarantee)	158

* Payments to Home Consortium Limited represent reimbursement of property acquisition deposits, capital expenditure and IPO transaction costs incurred during the establishment of the group.

Refer to note 2 for transactions arising on demerger of the Trust from Home Consortium Limited.

Note 20. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 31 Dec 2020 \$'000
Current receivables:	
Other receivables from Home Consortium Limited	2,934
Current payables:	
Trade and other payables to the Investment Manager and Property Manager	2,737
Trade and other payables to the Responsible Entity	45

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2020 %
HomeCo DNR Finance Pty Ltd	Australia	100%
HomeCo DNR (Penrith) Property Trust	Australia	100%
HomeCo DNR (Prestons) Property Trust	Australia	100%
HomeCo DNR (Vincentia) Property Trust	Australia	100%
HomeCo DNR (Glenmore Park) Property Trust	Australia	100%
HomeCo DNR (Gregory Hills TC) Property Trust	Australia	100%
HomeCo DNR (Seven Hills) Property Trust	Australia	100%
HomeCo DNR (Braybrook) Property Trust	Australia	100%
HomeCo DNR (Hawthorn East) Property Trust	Australia	100%
HomeCo DNR (Keysborough) Property Trust	Australia	100%
HomeCo DNR (Morningside) Property Trust	Australia	100%
HomeCo DNR (Rosenthal) Property Trust	Australia	100%
HomeCo DNR (Butler) Property Trust	Australia	100%
HomeCo DNR (Ellenbrook) Property Trust	Australia	100%
HomeCo DNR (Joondalup) Property Trust	Australia	100%
HomeCo DNR (Tingalpa) Property Trust	Australia	100%
HomeCo DNR (Richlands) Property Trust	Australia	100%
HomeCo DNR (Upper Coomera CC) Property Trust	Australia	100%
HomeCo DNR (Marsden Park) Property Trust	Australia	100%
HomeCo DNR (Parafield) Property Trust	Australia	100%

Note 22. Earnings per unit

	Consolidated Period from 15 Oct 2020 to 31 Dec 2020 \$m
Loss	<u>(22.2)</u>
	Number
Weighted average number of units used in calculating basic earnings per unit	<u>450,672,303</u>
Weighted average number of units used in calculating diluted earnings per unit	<u>450,672,303</u>
	Cents
Basic earnings per unit	(4.93)
Diluted earnings per unit	(4.93)

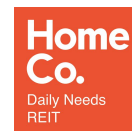
The weighted average number of units is calculated effective from the date of allotment of units to HMC on 20 November 2020 and completion of the listing process on 26 November 2020.

Note 23. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has not had any significant impact on the group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian State and Federal authorities and other countries, such as vaccine programs, social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

HomeCo Daily Needs REIT
Directors' declaration
31 December 2020



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "S A Shakesheff", written over a horizontal line.

Simon Shakesheff
Chairman

A handwritten signature in black ink, appearing to read "David Di Pilla", written over a horizontal line.

David Di Pilla
Director

16 February 2021



Independent auditor's review report to the unitholders of HomeCo Daily Needs REIT

Report on the interim report

Conclusion

We have reviewed the interim report of HomeCo Daily Needs REIT (the Trust) and the entities it controlled from time to time during the period (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the period 15 October 2020 to 31 December 2020, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim report of HomeCo Daily Needs REIT does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the period ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors of the Responsible Entity for the interim report

The directors of HMC Funds Management Limited (the Responsible Entity) are responsible for the preparation of the interim report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the interim report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's responsibility for the review of the interim report

Our responsibility is to express a conclusion on the interim report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'S.J. Hadfield'.

S.J Hadfield
Partner

Sydney
16 February 2021

Directors	Simon Shakesheff Simon Tuxen Stephanie Lai David Di Pilla Greg Hayes
Responsible Entity	HMC Funds Management Limited 19 Bay Street Double Bay, NSW 2028
Company secretary	Andrew Selim
Registered office and Principal place of business	19 Bay Street Double Bay NSW 2028
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474
Auditor	PricewaterhouseCoopers Tower One, International Towers Sydney Level 17, 100 Barangaroo Avenue Barangaroo NSW 2000
Stock exchange listing	HomeCo Daily Needs REIT units are listed on the Australian Securities Exchange (ASX code: HDN)