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HMC Funds Management Limited
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as responsible entity of the
HomeCo Daily Needs REIT (ARSN 645 086 620)

ASX RELEASE

17 February 2021

HDN UPGRADES FY21 FFO PDS GUIDANCE BY 9%

Financial highlights

- FY21 FFO guidance of \$20.5m (4.2 cents per unit) reflecting a 9% upgrade to the PDS FY21 FFO of \$18.5m (3.9 cents per unit) which is the second FY21 FFO guidance upgrade since IPO
- FY21 PDS distribution per unit of 4.2 cents per unit is reaffirmed and is expected to be fully FFO covered
- 99% unadjusted cash collections has continued since IPO from Nov-20 to Jan-21
- \$1.34 NTA per unit versus \$1.33 Oct-20 PDS balance
- Dec-20 gearing¹ of 34.5%, within the target gearing range of 30-40%

Operational highlights

- 98.7%² occupancy +0.2% versus Oct-20 PDS and 96.7% trading occupancy² +3.6% versus PDS
- Comparable supermarket MAT growth of 22%³ with two supermarkets over turnover rent threshold
- 19% like for like Dec-20 quarter annual foot traffic growth versus prior corresponding period⁴
- \$104m acquisitions since IPO. Bunnings Seven Hills new 10-year lease signed, asset revalued +7%⁵
- ~25,000sqm GLA major developments. Ellenbrook Dec-20 stage one opening ahead of schedule and Richlands on target for Mar-21 opening
- 5 brownfield developments (~\$22m of projects) scheduled to open in FY22. 10%+ p.a. target cash yield⁶

Portfolio Fund Manager, Mr Paul Doherty, said "It is pleasing for our maiden half-year reporting period to deliver such a strong set of results which deliver on our PDS forecasts. We have maintained a high quality and defensive exposure across our target sub-sectors, and we have achieved 99% unadjusted cash collection⁷ since IPO. The portfolio is well positioned with more than 76% national tenants⁸ and 94% of assets in metro locations⁹. Importantly, we are on track to deliver on our strategy of providing unitholders with exposure to a portfolio of stabilised, predominantly metro-located and convenience-based assets targeting consistent and growing distributions to unitholders."

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 By GLA. Excludes Richlands and Ellenbrook and includes rental guarantees

³ Relates to moving average turnover for the year ended 31-Dec-20 versus moving average turnover for the year ended 31-Dec-19

⁴ Across operating assets (excluding centres that have been owned less than 12 months within the HomeCo Group).

⁵ Excludes transaction costs

⁶ Estimated cash yield based on assumptions relating to future income, valuation, capex and calculated on a fully stabilised basis

⁷ Nov-20 to Jan-21

⁸ By gross income for signed leases and signed MOU's

⁹ Calculated by fair value of properties as at 31-Dec-20

Portfolio update

HomeCo Daily Needs REIT's portfolio has been further enhanced by \$104m of acquisitions. The acquisitions are consistent with the REIT's core strategy and ability to unlock further value through active management. Since IPO, the portfolio has increased from \$834.5m to \$977.8m at 31-Dec-20 (+17%). The acquisitions include:

- Bunnings Seven Hills (NSW)
 - \$56 million purchase price. Immediately value accretive with new 10-year lease signed with Bunnings
 - 7% increase in independent valuation¹⁰ (\$56.0m purchase price / \$60.0m independent valuation at 4.50% cap rate)
- Marsden Park Shopping Centre (QLD)
 - \$48 million purchase price representing a cap rate of 6.75%
 - Coles anchored metro Queensland convenience asset with 5.8 ha land holding (14% site coverage), 530 car spaces and 7.9-year WALE

Development update

HomeCo Daily Needs REIT continues to utilise its substantial land holding with ~25,000 sqm GLA of major developments tracking to budget and timetable.

- Ellenbrook (WA) stage one opened in Dec-20, ahead of PDS target of Jul-21
- Richlands (QLD) on track for target opening in Mar-21, in-line with PDS

HomeCo Daily Needs REIT's low site coverage of 31.6% provides opportunity to unlock additional income and value through brownfield developments. HomeCo Daily Needs REIT currently has \$22m of brownfield development projects scheduled for opening in FY22 which are expected to deliver a 10%+ p.a. cash yield¹¹.

Outlook

Portfolio Fund Manager, Mr Doherty, said "We have achieved a significant amount in the short period since listing on the ASX and the portfolio is on-track to deliver stable growing income streams to unitholders."

As a result of current trading HomeCo Daily Needs REIT is pleased to provide the following outlook:

- FY21 FFO guidance of \$20.5m (4.2 cents per unit) reflecting a 9% upgrade to the PDS FY21 FFO of \$18.85m (3.9 cents per unit) barring any unforeseen circumstances or further extended COVID-19 lockdowns and Government mandated restrictions
- FY21 PDS distribution per unit of 4.2 cents per unit is reaffirmed
- First distribution of 2.4 cents per unit is scheduled for the 4-month period to 31-Mar-21 (100% tax deferred) and is expected to be fully FFO covered, (then transitioning to quarterly distributions).

¹⁰ Excludes transaction costs

¹¹ Estimated cash yield based on assumptions relating to future income, valuation, capex and calculated on a fully stabilised basis

Investor and analyst briefing teleconference call

An investor and analyst briefing teleconference call, followed by a question and answer session, will be held on **Wednesday 17 February 2021 at 9:00am (AEDT)**. Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10011824-k3th0l.html>

The following webcast link will be available: <https://webcast.openbriefing.com/7051/>. Please enter your name, email address and company to register for the webcast. Participants will need to input their name, email and company to register for the 9am webcast.

-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.

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 are also forward-looking statements. 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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