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HomeCo Daily Needs REIT (ARSN 645 086 620)

ASX RELEASE

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HOME CO DAILY NEEDS REIT DELIVERS AGAINST FY22 GUIDANCE FOLLOWING MERGER WITH AVENTUS

HomeCo Daily Needs REIT (ASX: HDN) today released its results for the full-year ended 30 June 2022. Today's result underscores the strong strategic rationale for the transformational merger with Aventus and the significant progress being made to capitalise on HDN's enhanced growth pipeline following the merger. Key highlights for the period are:

Financial highlights

- FY22 FFO of 8.85 cpu (\$105.6m) up +30% versus FY21¹ and ahead of guidance of 8.8cpu²
- FY22 DPU of 8.28 cpu up +18% versus FY21¹ and in line with guidance²
- Pro forma gearing of 30.6% versus 32.2% at Dec-21 and interest rate hedging of 73.5%³
- Jun-22 NTA/unit of \$1.52 up 23% versus proforma NTA of \$1.24 at merger announcement, underpinned by strong portfolio valuation gains

Operational highlights

- >99% occupancy
- >99% cash rent collections in FY22
- +5.1%⁴ comparable property NOI growth
- +5.7%⁵ positive leasing spreads across 200 leasing deals

Investment highlights

- Identified development pipeline increased to >\$500m including several large-scale opportunities
- Successfully completed \$37m of developments in FY22 with a ~10% ROIC⁶
- Announced >\$75m of new development projects to commence in FY23 with a target ROIC⁶ of ~7%
- Sale of Sunshine Coast LFR asset for \$140m at 6% premium to Dec-21 book value

FY23 guidance

- FY23 pro forma FFO guidance of 8.6 cpu⁷
- FY23 DPU guidance of 8.3 cents, reflecting a 97% payout ratio

¹ Versus FY21 FFO of 4.1cpu and DPU of 4.2cpu annualised for full year based on IPO date of 23-Nov-20.

² Guidance given at 1H FY22 result in Feb-22.

³ Pro forma for divestment of Sunshine Coast. Current gearing at 32.7%. Current interest rate hedging at 67.2%.

⁴ Versus Jun-21 and relates to like for like centres and includes Sunshine Coast.

⁵ For new leases and renewals. Includes Sunshine Coast.

⁶ Return on Invested Capital (ROIC) represents cash yield on cost based on assumptions relating to future income, valuation, capex and is calculated on a fully stabilised basis.

⁷ Based on average BBSY of 2.7% over the financial year.

HDN Chair, Simon Shakesheff said, *"Today's result builds on HDN's strong track record since listing in November 2020 and delivers against the REIT's core objective to provide stable and growing distributions notwithstanding increased macroeconomic volatility since the beginning of the year."*

"The transformational merger with Aventus has been successfully integrated and the management team has maintained strong operational momentum with over 99% occupancy and 99% rent collection in FY22. The management team is capitalising on HDN's enhanced portfolio scale to drive rental growth in a higher inflation and interest rate environment as demonstrated by positive leasing spreads of +5.7% and comparable NOI growth of +5.1%."

"Furthermore, HDN has taken proactive capital management measures to strengthen its balance sheet with the sale of our Sunshine Coast LFR asset for \$140m, reducing pro forma gearing towards the bottom-end of our target gearing range. The repayment of debt following the sale will increase HDN's interest rate hedging to 73.5% and provide greater income certainty," Mr Shakesheff said.

HDN CEO, Sid Sharma said, *"The portfolio recorded strong valuation gains of \$203m over 2H FY22 which underscores the growing demand for daily needs assets from both private and increasingly, institutional investors. Investors remain attracted to high quality daily needs assets offering defensive income streams underpinned by attractive long-term megatrends. We believe the shift to omni-channel retailing is a long-term structural tailwind which is driving the evolution of our asset base into critical last mile infrastructure."*

"We are making significant progress unlocking and accelerating our value accretive \$500m+ development pipeline following the Aventus merger with over 30 projects in various stages of planning. We successfully delivered our FY22 projects on time and budget and we are now targeting to commence over \$75m of developments in FY23 at a ~7% ROIC."

"As we move into FY23, HDN is well positioned with pro forma gearing of 30.6% which is at the bottom end of our 30-40% target gearing range. The REIT is in a strong position to fund its accretive development pipeline and capitalise on attractive acquisition opportunities which may emerge with ongoing macroeconomic uncertainty and market volatility." Mr Sharma said.

For additional information please refer to the FY22 financial results presentation which was also released on the ASX today.

Investor and analyst briefing teleconference call

An investor and analyst briefing teleconference call, followed by a Q&A session, will be held on **Thursday 18 August, 2022 at 10:30am (AEST)**. Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10023255-0ewiqc.html>

The following webcast link will be available: <https://webcast.openbriefing.com/8893/>

A playback of the FY22 results webcast will be made available on HMC Capital's website at www.hmccapital.com.au.

Please enter your name, email address and company to register for the 10:30am webcast.

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

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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 a combined portfolio size 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.

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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