



Home Co.
Daily Needs
REIT



Bell Potter Conference

22 November 2023

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.

**Home
Co.**

Daily Needs
REIT

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



Overview of HDN

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

OVERVIEW

\$4.7bn

Portfolio
value

~\$2.4bn

Market
Cap¹

\$1.48

NTA/unit

32.8%

Gearing²

91.5%

Hedging³

- 1 S&P/ASX 200 daily needs retail focused landlord
- 2 High quality portfolio of metro located real estate supporting omni-channel fulfilment across Australia
- 3 Secure rental income underpinned by national tenants and low & sustainable rents
- 4 Accretive development pipeline which capitalises on low portfolio site coverage of 37%
- 5 Strong balance sheet – gearing at the low end of 30-40% target range and 91.5% of drawn debt hedged³

Key portfolio metrics

Landbank (sqm)

2.5m sqm

Site coverage

37%

WACR⁴

5.46%

WALE⁵

4.8 years

Occupancy⁶

>99%

WARR⁷

3.9%


















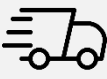
Average gross rent

\$357/sqm

Notes: All metrics as at 30-Jun-23, include McGraths Hill and Menai Marketplace on a 100% basis (\$57.0m and \$175.0m with 25.3% and 50.1% owned by HDN respectively) and excluding ROU assets at Parafield and Caringbah (\$11.0m), pro forma adjusted for the disposal of Midland. 1. As at 16-Nov-23. 2. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less cash divided by Total Assets less Right of use assets and Cash and cash equivalents. Pro forma adjusted for the disposal of Midland. 3. Based on drawn debt as at Jun-23 and pre Midland sale. 4. Weighted Average Capitalisation Rate by gross income. 5. Weighted Average Lease Expiry by gross income for signed leases and MoUs. 6. By Gross Lettable Area (GLA) and includes rental guarantees. Excludes land parcels. 7. Blended Weighted Average Rent Reviews including both fixed and CPI escalations. Excludes Supermarket Turnover rent.

Investment Strategy

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

MODEL PORTFOLIO CONSTRUCTION	STRONG INVESTMENT FUNDAMENTALS	ACCRETIVE DEVELOPMENT PIPELINE	STRATEGIC REAL ESTATE INFRASTRUCTURE
 <p>Portfolio Target</p> <div> <div>~50% Neighbourhood</div> <div>~30% Large Format Retail</div> <div>~20% Health & Services</div> </div> <div>    </div> <div>   </div> <div>    </div> <div>    </div> <div>    </div> <p><i>High exposure to defensive and noncyclical expenditure</i></p>	 <p>\$357/sqm Average gross rent</p> <p>>6.5% FY24 YTD Leasing spreads^{1,2}</p> <p>>99% FY24 YTD Rent collection³</p> <p>>83% National retailers⁴</p> <p>4.8 year WALE⁴</p> <p><i>Low and sustainable rents at bottom of the landlord cost curve</i></p>	 <p>\$600m+ Development pipeline</p> <p>~7% Target development ROIC⁵</p> <p>2.5 million site area (sqm)</p> <p>37% Site coverage</p> <p><i>Underutilised landbank with attractive development ROIC</i></p>	 <p>~13m people⁶ within 10km radius</p> <p>>83m Annual customer visitation⁷</p> <p>~83% Metropolitan locations</p> <p>~75% Tenants offer Click & Collect⁸</p> <p><i>Powerful megatrends driving tenant & customer demand</i></p>

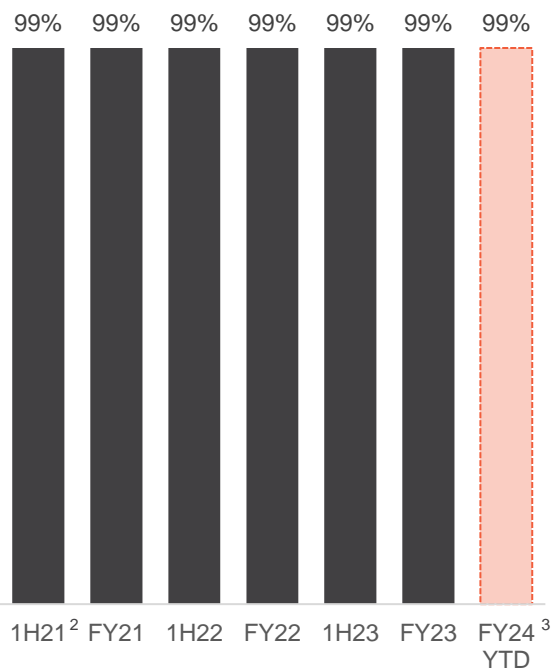
Notes: All metrics are as at 30-Jun-23 (FY23) and include McGraths Hill and Menai Marketplace on an 100% basis and the disposal of Midland unless otherwise stated. 1. For new leases and renewals, includes Epping. 2. As at 20-Nov-23. 3. As at 31-Oct-23. 4. By gross income for signed leases and signed MoUs. 5. Return on Invested Capital (ROIC) represents estimated fully stabilized cash yield on cost. 6. Australian Bureau of Statistics. 7. Includes customer visitation for Epping. 8. Weighted by gross income. Excludes fuel and services tenants.

Strengthening operational metrics

Tenants increasingly recognise the value of HDN's strategic last mile real estate

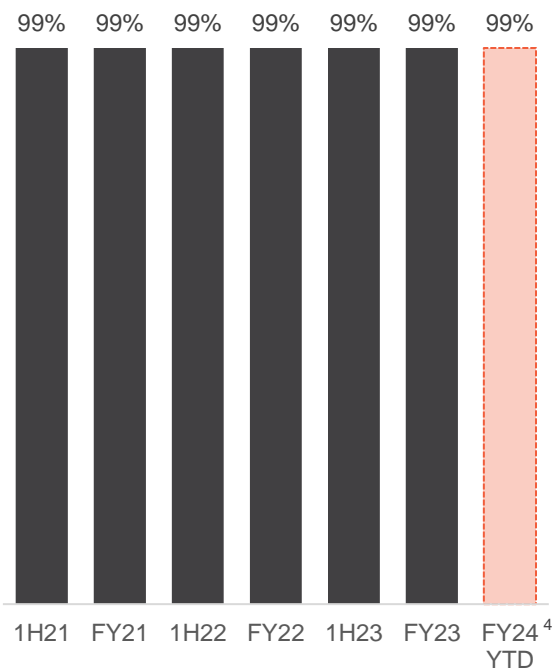
OCCUPANCY¹

Underpinned by exposure to predominantly national tenant base, metropolitan locations and focus on essential retail and services



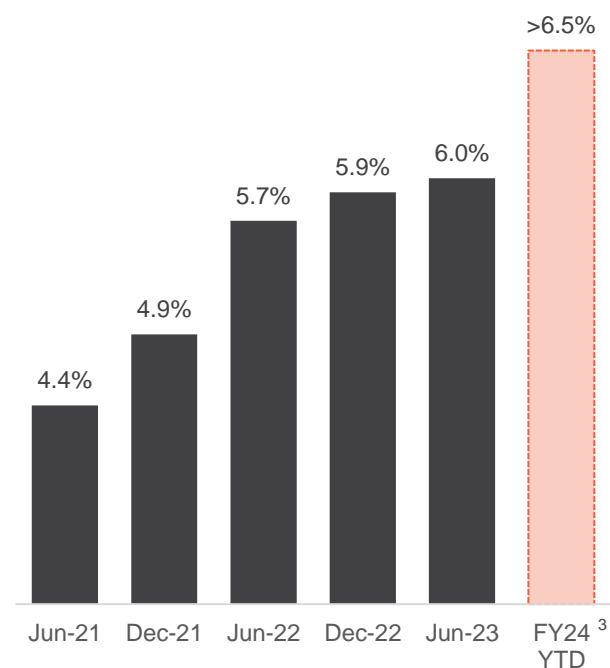
CASH RENT COLLECTION

Consistently collecting 99% of rental income



RELEASING SPREADS

Strong rental reversion with low incentives



Portfolio delivering resilient and growing income streams which are noncyclical

\$220m of accretive capital recycling

Asset disposals supporting portfolio valuations with strong IRR's achieved

DISPOSALS



Midland (WA)

- Midland LFR centre (Perth, WA)
- Sale price of \$74.8m
- Settled in Sep-23
- 9.1% exit IRR¹



Box Hill (VIC)

- Box Hill LFR centre (Melbourne, VIC)
- Sale price of \$67.5m²
- Settlement expected in 3Q FY24
- 13.5% exit IRR¹

**~\$142m
disposed of
in-line with
book value at
combined
~5.5% yield**



ACQUISITIONS



Kellyville (NSW)

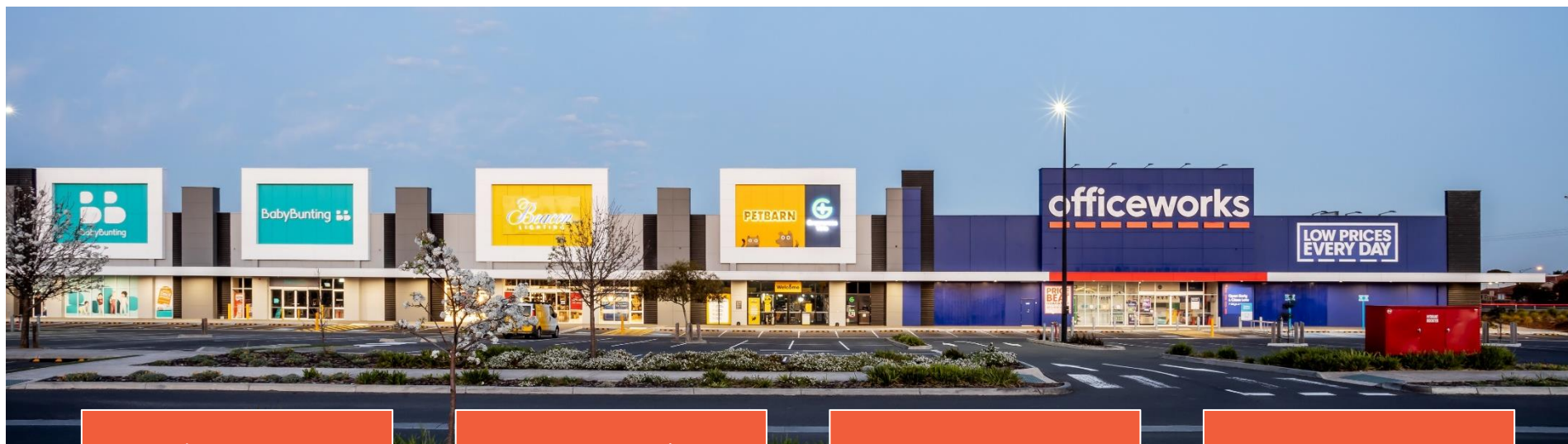
- Kellyville neighbourhood centre (Sydney, NSW)
- New development by Woolworths, opening Dec-23
- Acquisition price of \$78.4m
- 5.4% initial yield
- Settlement expected in 3Q FY24

**~\$78m
re-invested
into brand
new high
quality daily
needs asset**

**Accelerates
re-weighting
to model
portfolio**

Cranbourne expansion project now complete

High ROIC pad site development project 100% pre-committed by leading national daily needs tenants

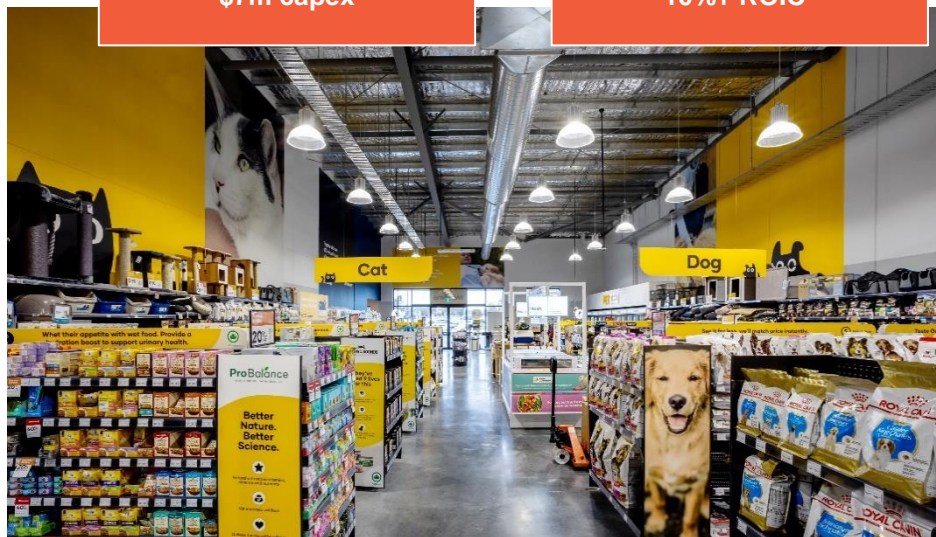


\$7m capex

10%+ ROIC¹

100% pre-committed

2,700sqm additional GLA



First stage of broader precinct redevelopment opportunity

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

Development projects remain on track

100% pre-committed¹ tenant demand-led development strategies on track to achieve ~7% ROIC²

Glenmore Park, NSW

4 level Health & Services precinct anchored by Service NSW



\$22m
capex

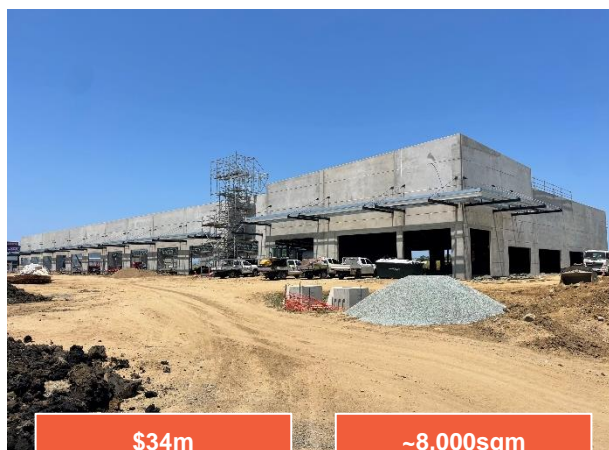
~2,400sqm
additional GLA



On track for completion in 2H FY24

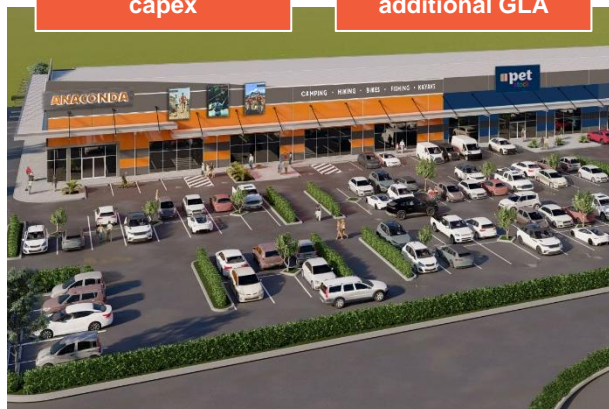
Mackay, QLD

Construction of additional leisure & lifestyle precinct



\$34m
capex

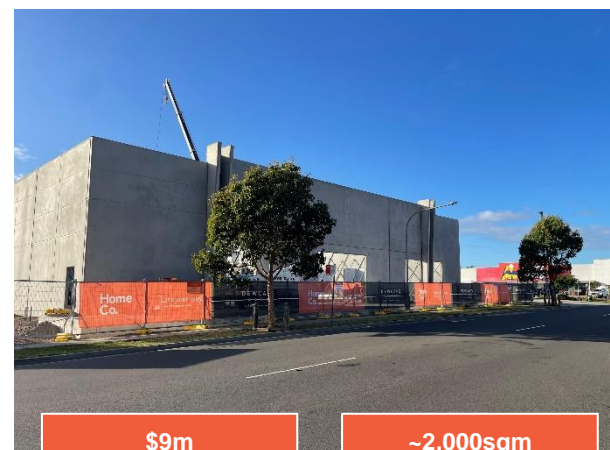
~8,000sqm
additional GLA



On track for completion in 2H FY24

Gregory Hills Home, NSW

Pad site development



\$9m
capex

~2,000sqm
additional GLA



On track for completion in 2H FY24

Notes: 1. Including signed leases and MOUs. 2. Return on invested capital (ROIC) represents cash yield on cost once development is fully stabilised. Estimated ROIC is based on assumptions relating to future income, valuation, capex and calculated on a fully stabilised basis.

Outlook & guidance

FY24 guidance reaffirmed

FY24 Outlook & Guidance

- FY24 FFOpu guidance of 8.6 cents¹ and distribution guidance of 8.3 cents is reaffirmed
- Targeting comparable NOI growth of 4.0% in FY24²
- HDN will continue to actively recycle capital to fund organic growth and portfolio re-weighting, including the announced divestment of Box Hill, VIC
- Interest rate risk mitigated in FY24 with 91.5% of Jun-23 drawn debt hedged
- HDN's 2.5 million sqm land bank provides compelling long-term upside
 - Targeting >\$120m FY24 commencements at ~7% target ROIC³
 - Targeting >\$80m developments on track to complete in FY24

Committed to maintaining a strong balance sheet through active capital recycling

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