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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

5 July 2021

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### ACQUISITION OF FLAGSHIP CONVENIENCE ASSET AND INSTITUTIONAL PLACEMENT

- Acquisition of a 100% interest in Town Centre Victoria Point, QLD for a total purchase price of \$160.0 million representing a fully leased yield of 4.75%.
  - Aligned to target model portfolio: 60% Neighbourhood, 22% LFR and 18% Health & Services<sup>1</sup>.
  - Anchored by highly productive major national and ASX-listed tenants including Woolworths, Bunnings, Healius and Endeavour Group.
  - Large-scale 7.6ha asset with low site coverage of 27% presents significant development upside.
  - Strategically located in South-East QLD growth corridor accessible from two major arterial roads.
  - Long WALE of 7.1 years<sup>2</sup> with 98% occupancy<sup>3</sup> and a fixed WARR of 3.44%<sup>4</sup>.
- Undertaking a fully underwritten institutional placement to raise \$70 million (**Placement**) at an issue price of \$1.45 (**Issue Price**) per unit (**New Unit**) to fund the acquisition and associated transaction costs.
- The Acquisition is immediately accretive to HDN's previous FY22 FFO/unit guidance of 8.3cpu (reaffirmed on 31 May 2021)<sup>5</sup>.
- Balance sheet gearing is expected to be at the mid-point of target 30–40% gearing range post-transaction.
- Increased potential for inclusion in both the S&P/ASX 300 Index and FTSE EPRA NAREIT's Global Real Estate Index at September 2021 rebalance.

### ACQUISITION OF TOWN CENTRE VICTORIA POINT

HDN Fund Portfolio Manager Paul Doherty said: *“Opportunities to acquire an asset of this quality and scale are rare, particularly one which complements our strategy and existing portfolio so strongly. This well-located flagship convenience property is anchored by high quality, strongly performing tenants on long term leases with attractive organic growth. In addition, the property offers significant long-term potential to drive enhanced returns through development by capitalising on the property’s significant expansion potential.”*

Refer to the presentation attached to this ASX release for additional information on the acquisition property.

<sup>1</sup> Based on gross income including signed leases and signed MOUs.

<sup>2</sup> As at 30 June 2021.

<sup>3</sup> HDN will receive a 12-month rental guarantee from settlement for up to \$230,000 for currently vacant tenancies.

<sup>4</sup> Contracted escalations across 82% of gross income (Fixed and CPI escalations), with remaining 18% relating to supermarket tenants. Fixed WARR of 3.44% relates to the 66% of tenants on fixed rental escalations.

<sup>5</sup> Outlook statements have been made assuming no unforeseen circumstances and COVID-19 impacts.

## FINANCIAL IMPACT

The Acquisition is immediately accretive to HDN's previous FY22 FFO/unit guidance of 8.3cpu (reaffirmed on 31 May 2021)<sup>6</sup>. Balance sheet gearing is expected to be at the mid-point of HDN's target gearing range of 30–40%.

## INSTITUTIONAL PLACEMENT

HDN is undertaking a fully underwritten institutional placement to raise \$70 million (**Placement**) at an issue price of \$1.45 (**Issue Price**) per unit (**New Unit**) to fund the acquisition and associated transaction costs.

The Issue Price represents a:

- 3.0% discount to the last close price of \$1.495 on 2 July 2021.

The New Units will be entitled to the distribution for the quarter ending 30 September 2021 and will rank equally in all respects with HDN's existing ordinary units from the date of allotment. New Units will be included in the calculation of any Bonus Units issued at Bonus Unit Determination Date.

The Placement is fully underwritten by Macquarie Capital (Australia) Limited.

## Timetable

Event	2021
Announcement of the Placement	Monday 5 July
Placement bookbuild	Monday 5 July
Settlement of New Securities issued under the Placement	Thursday 8 July
Allotment and normal trading of New Securities issued under the Placement	Friday 9 July

*The above timetable is indicative only and subject to change. The commencement and quotation of New Units is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, HomeCo Daily Needs REIT reserves the right to amend this timetable at any time, either generally or in particular cases, without notice.*

**-ENDS-**

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<sup>6</sup> Outlook statements have been made assuming no unforeseen circumstances and COVID-19 impacts.

For further information, please contact:

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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. Refer to the section entitled 'Key risks' in HomeCo Daily Needs REIT's investor presentation dated 5 July 2021 (**Investor Presentation**) for a summary of certain risk factors that may affect HomeCo Daily Needs REIT.*

*No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to HomeCo Daily Needs REIT as at the date of this announcement. Except as required by applicable laws or regulations, HomeCo Daily Needs REIT does not undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances. Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and it is not indicative of future performance, including future security prices.*

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**General**

*In addition, this announcement is subject to the same “Important Notice and Disclaimer” as appears on slides 1 to 2 of the Investor Presentation with any necessary contextual changes.*