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as responsible entity of the
HomeCo Daily Needs REIT (ARSN 645 086 620)

ASX RELEASE

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HDN DELIVERS STRONG 1H FY24 RESULT & REAFFIRMS FFO and DPU GUIDANCE

HomeCo Daily Needs REIT (ASX: HDN) today released its results for the half year ended 31 December 2023. 1H FY24 was an active period of capital recycling for HDN, combined with strong underlying NOI growth driven by improved leasing fundamentals, CPI-linked income and development completions. Key highlights for the period are:

Investment and development highlights

- \$165m¹ of acquisitions in 1H FY24, including two brand new Woolworths anchored daily needs assets in Western Sydney growth corridors
- \$302m of traditional LFR asset sales in 1H FY24 broadly in line with book values to maintain balance sheet strength and improve the overall composition & resilience of cash flows
- On-track to complete ~\$70m of development projects in 2H FY24
- Identified development pipeline beyond FY24 remains >\$600m
- First stage of broader precinct redevelopment opportunity at Cranbourne completed in 1H FY24

Operational highlights

- >99% occupancy maintained since IPO
- >99% cash rent collections maintained since IPO
- +4.0% comparable property NOI growth, consistent with FY24 guidance
- +6.4%² positive re-leasing spreads vs. 6.0% at Jun-23

Financial highlights

- 1H FY24 FFO/unit of 4.3 cents (\$88.5m)
- 1H FY24 DPU of 4.2 cents
- Dec-23 gearing of 34.3%³ at the lower end of the 30-40% target range
- Dec-23 interest rate hedging of 92.4%
- NTA/unit of \$1.44, with strong underlying NOI growth partially offsetting cap rate movement

FY24 guidance reaffirmed

- FY24 FFO guidance of 8.6cpu reaffirmed
- FY24 DPU guidance of 8.3 cents reaffirmed

¹ Includes the acquisition of an additional land parcel at Coomera Grand for \$11.5m.

² For new leases and renewals.

³ Dec-23 adjusted for assets held for sale and the acquisition of Kellyville and Leppington which are expected to settle in 3Q FY24.

HMC Capital Head of Real Estate & HDN CEO, Sid Sharma said, “Our first half result benefitted from a continuation of the strong underlying fundamentals experienced by HDN in FY23. Our assets continue to outperform, with occupancy and cash collections exceeding 99%, which is translating into strong re-leasing spreads of 6.4% whilst importantly maintaining low incentives of ~5%. This is underpinned by HDN’s exposure to a predominantly national tenant base, metropolitan locations and focus on essential retail and services, which are noncyclical.”

“Strong net operating income across the portfolio continues to support asset values despite a modest easing in capitalisation rates. We executed on over \$300m in asset sales throughout the period, broadly in-line with book values, underscoring the quality of HDN’s portfolio and highlighting the level of demand for metro located daily needs assets. Proceeds from disposals have been partially recycled into acquiring two brand new Woolworths anchored daily needs assets in two of Sydney’s highest population growth corridors, Leppington & Kellyville. These high-quality acquisitions help to improve the overall composition of the portfolio, provide greater income security over the long term, and accelerate the re-weighting to HDN’s model portfolio.”

“Development remains a key strategic focus for HDN as contracted returns continue to exceed our cost of capital, underpinned by strong national tenants who increasingly require more space in our predominately metro located assets. Throughout the period, the first stage of the broader precinct redevelopment at Cranbourne was completed, which was 100% pre-committed and delivered a 10%+ ROIC. We are on-track to complete ~\$70m of additional tenant demand-led development projects in 2H FY24, which are expected to achieve a ~7% cash on cash return. In addition, HDN has multiple projects which could commence in the second half of FY24 to achieve >\$120m of targeted commencements.”

“HDN is well positioned for the remainder of FY24 with minimal lease expiry risk, strengthening re-leasing spreads and a number of development projects able to commence in the second half.”

HDN Fund Portfolio Manager, Paul Doherty said, “HDN has a robust balance sheet as at Dec-23 with net assets of \$3.0bn and gearing of 34.3%. Combined with resilient portfolio valuations, this provides a strong platform to continue to undertake asset recycling and organic growth.”

“Furthermore, interest rate hedging increased to 92.4% at Dec-23 and provides strong interest rate protection in FY24 and FY25.”

“Finally, we are pleased to reaffirm FY24 FFO and distribution guidance”.

For additional information please refer to the 1H FY24 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 **Friday 16 February, 2024 at 10:30am (AEST)**. Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10036136-dxvkfy.html>

The following webcast link will be available: <https://webcast.openbriefing.com/hdn-hyr-2024/>

A playback of the 1H FY24 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 total assets 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. HDN is also a strategic investor in the Last Mile Logistics (LML) unlisted fund, a complementary mandate which targets core plus transition assets with upside via repositioning into essential last mile real estate infrastructure.

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This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings and financial position and performance. 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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