

1. Company details

Name of entity:	HomeCo Daily Needs REIT
ARSN:	645 086 620
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

This Appendix 4D should be read in conjunction with the attached directors' report which includes details of the results for the period.

	31 Dec 2024 \$m	31 Dec 2023 \$m	Change \$m	Change %
Revenue from ordinary activities	179.2	179.0	0.2	-
Profit/(loss) from ordinary activities after tax	116.8	(10.7)	127.5	1192%
Profit/(loss) for the half-year	116.8	(10.7)	127.5	1192%

Refer to the attached directors' report for detailed commentary on review of operations and financial performance.

3. Distributions

	31 Dec 2024 Amount per unit Cents
Interim distribution for the year ending 30 June 2025 declared on 24 September 2024. The distribution was paid on 22 November 2024 to unitholders registered on 30 September 2024.	2.125
Interim distribution for the year ending 30 June 2025 was declared on 11 December 2024. The distribution will be paid on 26 February 2025 to unitholders registered on 31 December 2024.	2.125

4. Distribution reinvestment plans ('DRP')

For the period 1 July 2024 to 31 December 2024, HomeCo Daily Needs REIT operated a DRP under which unitholders could elect to reinvest all or part of their distributions in new units rather than being paid in cash. The DRP price is determined as the average of the daily volume weighted average price (VWAP) of units sold on the Australian Securities Exchange (ASX) during a nominated five-day period, between the announcement date and payment date of the respective distribution, less a discount (if any).

The DRP price for the quarters ended 30 September 2024 and 31 December 2024 did not include a discount.

5. Net tangible assets

	31 Dec 2024 \$	30 Jun 2024 \$
Net tangible assets per unit	1.45	1.44

The net tangible assets calculations above include right-of-use assets, lease liabilities and fair value of derivatives.

6. Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	31 Dec 2024 %	30 Jun 2024 %	31 Dec 2024 \$m	31 Dec 2023 \$m
Aventus Property Syndicate 1 Fund	25.3%	25.3%	(0.3)	0.1
HMC Last Mile Logistics Property Trust 1	50.1%	50.1%	1.1	(0.2)
<i>Aggregate share of associate/joint venture's profit/(loss)</i>				
Profit/(loss) from ordinary activities			<u>0.8</u>	<u>(0.1)</u>

Refer to note 12 of the consolidated financial statements for further information.

7. Information about audit or review

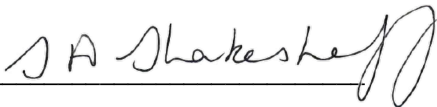
The consolidated financial statements were subject to review by the auditors KPMG. A copy of KPMG's unqualified review report is attached as part of the Interim Report.

8. Attachments

The Interim Report of HomeCo Daily Needs REIT for the half-year ended 31 December 2024 is attached.

9. Signed

As authorised by the board of directors

Signed 

Simon Shakesheff
Independent Non-Executive Chair

Date: 12 February 2025

HomeCo Daily Needs REIT

HMC Funds Management Limited
ACN 105 078 635 AFSL 237257

**Home
Co.**
Daily Needs
REIT



Interim Report

For the half-year ended 31 December 2024



The directors of HMC Funds Management Limited (ABN 89 105 078 635, AFSL 237257) (the Responsible Entity), present their report together with the consolidated financial statements of HomeCo Daily Needs REIT and the auditor's review report thereon. The consolidated financial statements cover HomeCo Daily Needs REIT (the 'Trust' or 'HDN') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'group').

HMC Funds Management Limited is ultimately owned by HMC Capital Limited (ASX: HMC).

Directors

The following persons were directors of the Responsible Entity at any time during the half-year and up to the date of this report, unless otherwise stated:

Simon Shakesheff	Independent Non-Executive Chair
Stephanie Lai	Independent Non-Executive Director
Robyn Stubbs	Independent Non-Executive Director
Simon Tuxen	Independent Non-Executive Director
David Di Pilla	Non-Executive Director
Greg Hayes	Non-Executive Director

Review of operations and financial performance

A summary of the group's financial performance for the half-year ended 31 December 2024 is detailed below.

	Consolidated 31 Dec 2024 \$m	Consolidated 31 Dec 2023 \$m
Property and other income (including interest income)	179.2	179.0
Share of profits/(loss) of equity-accounted investees, net of tax	0.8	(0.1)
Profit/(loss) for the half-year	116.8	(10.7)
Funds from operations ('FFO')	89.9	88.5
Weighted average units on issue (million)	2,081.2	2,076.3
FFO per unit (cents)	4.3	4.3
Distribution per unit (cents)	4.3	4.2

The group recorded property and interest income of \$179.2 million (31 December 2023: \$179.0 million) and profit of \$116.8 million for the half-year ended 31 December 2024 (31 December 2023: loss of \$10.7 million). The \$127.5 million change in profit is primarily due to \$35.9 million gain in assets/liabilities at fair value through profit or loss (31 December 2023: Loss of \$94.6 million) and an increase in finance cost by \$4.1 million from \$36.5m in the previous period to \$40.6 million during the half-year ended 31 December 2024.

A reconciliation between operating results and FFO for the half-year ended 31 December 2024 is detailed below.

	Consolidated 31 Dec 2024 \$'m	Consolidated 31 Dec 2023 \$'m
Profit/(loss) for the half-year	116.8	(10.7)
Straight lining and amortisation	8.0	3.4
Transaction costs	0.2	0.3
Rent guarantee income	0.4	-
Net fair value movements	(35.9)	94.6
Share of (profits)/loss of equity accounted investees	(0.8)	0.1
Distribution from equity accounted investees	1.4	1.0
Other items	(0.2)	(0.2)
FFO	89.9	88.5

FFO for the half-year ended 31 December 2024 was \$89.9 million or 4.3 cents per unit (31 December 2023: \$88.5 million or 4.3 cents per unit). The performance for the half-year was driven by higher net property income offset by higher interest expenses. FFO is a financial measure which is not prescribed by Australian Accounting Standards and represents the group's

underlying and recurring earnings from its operations determined by adjusting the statutory net profit or loss after tax for items that are non-cash, unrealised or capital in nature. The directors consider FFO to represent the core earnings measure of the group.

Summary of financial position

A summary of the group's financial position as at 31 December 2024 is outlined below.

	Consolidated 31 Dec 2024 \$'m	Consolidated 30 Jun 2024 \$'m
Assets		
Investment properties	4,733.6	4,607.1
Total assets	4,953.7	4,786.3
Net assets	3,023.3	2,992.5
Net tangible assets	3,023.3	2,992.5
Number of units on issue (million)	2,082.2	2,080.2
Net tangible assets (\$ per unit)	1.45	1.44
Capital management		
Debt facility limit	1,850.0	1,820.0
Drawn debt	1,790.1	1,689.2
Cash and undrawn debt	75.3	143.2
Gearing ratio (%)*	36.0%	35.1%
Hedged debt (%)	79.6%	87.3%
Cost of debt (% per annum)	4.7%	4.4%

* Gearing is defined as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less right-of-use assets and cash and cash equivalents.

Property portfolio:

At 31 December 2024, the group owned 47 (30 June 2024: 48) daily needs assets across Australia with a combined value of \$4,733.6 million (30 June 2024: \$4,607.1 million). A reconciliation of the movement in the carrying value of the portfolio during the half-year ended 31 December 2024 is disclosed in note 11 of the consolidated financial statements.

As at 31 December 2024, 30 investment properties were independently valued with the remaining investment properties being internally valued. The weighted average capitalisation rate of the portfolio was 5.6% (30 June 2024: 5.6%).

Capital raising:

During the period, the Trust issued 2,032,114 units under the dividend reinvestment plan. Refer below and to note 17 of the consolidated financial statements for further details:

Particulars	Date of issue	Number of units
Opening balance on 1 July 2024		2,080,210,920
Units issued – distribution reinvestment plan ('DRP')	22 August 2024	1,066,676
Units issued – distribution reinvestment plan ('DRP')	22 November 2024	965,438
Closing balance on 31 December 2024		<u>2,082,243,034</u>

Distributions

Distributions declared during the financial half-year were as follows:

	Distribution per unit (cents)	Total distribution \$m	Ex-distribution date	Record date	Payment date
September 2024	2.125	44.2	27 September 2024	30 September 2024	22 November 2024
December 2024	2.125	44.3	30 December 2024	31 December 2024	26 February 2025
Total	4.250	88.5			

The final distribution for the year ended 30 June 2024 of \$43.2 million of 2.075 cents per unit was paid on 22 August 2024.

For the period 1 July 2024 to 31 December 2024, the group operated a DRP under which unitholders could elect to reinvest all or part of their distributions in new units rather than being paid in cash. The DRP price is determined as the average of the daily volume weighted average price (VWAP) of units sold on the Australian Securities Exchange (ASX) during a nominated five-day period, between the announcement date and payment date of the respective distribution, less a discount (if any).

The DRP price for the quarters ended 30 September 2024 and 31 December 2024 did not include a discount.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts

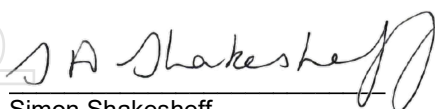
The Trust is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that instrument to the nearest hundred thousand dollars, unless otherwise stated.

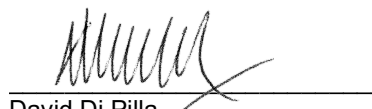
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors


Simon Shakesheff
Independent Non-Executive Chair


David Di Pilla
Non-Executive Director

12 February 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of HMC Funds Management Limited, the Responsible Entity of
HomeCo Daily Needs REIT

I declare that, to the best of my knowledge and belief, in relation to the review of HomeCo Daily Needs REIT for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten-style signature of the KPMG logo in black ink.

KPMG

A handwritten signature in black ink that reads 'J Davis'.

Jessica Davis

Partner

Sydney

12 February 2025

HomeCo Daily Needs REIT
Contents
31 December 2024



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HomeCo Daily Needs REIT
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$m	\$m
Income			
Property income	4	178.8	178.7
Share of profit/(loss) of equity-accounted investees, net of tax		0.8	(0.1)
Interest income		0.4	0.3
Net change in assets/liabilities at fair value through profit or loss	5	35.9	(94.6)
Expenses			
Property expenses		(46.9)	(47.2)
Corporate expenses		(2.0)	(1.9)
Management fees	22	(9.4)	(9.1)
Acquisition and transaction costs	6	(0.2)	(0.3)
Finance costs	6	(40.6)	(36.5)
Profit/(loss) for the half-year		116.8	(10.7)
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		116.8	(10.7)
		Cents	Cents
Basic earnings per unit	23	5.61	(0.52)
Diluted earnings per unit	23	5.61	(0.52)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

HomeCo Daily Needs REIT
Consolidated statement of financial position
As at 31 December 2024



		Consolidated	
	Note	31 Dec 2024 \$m	30 Jun 2024 \$m
Assets			
Current assets			
Cash and cash equivalents	7	15.4	12.4
Trade and other receivables	8	6.1	5.2
Derivative financial instruments	14	8.9	18.8
Other assets	9	14.0	19.1
		44.4	55.5
Assets held for sale	10	115.0	54.0
Total current assets		159.4	109.5
Non-current assets			
Investment properties	11	4,733.6	4,607.1
Investments accounted for using the equity method	12	50.8	56.2
Investments in financial assets at fair value through profit or loss	13	2.9	-
Derivative financial instruments	14	7.0	13.5
Total non-current assets		4,794.3	4,676.8
Total assets		4,953.7	4,786.3
Liabilities			
Current liabilities			
Trade and other payables	15	98.4	66.3
Borrowings	16	-	300.0
Distributions payable	18	44.3	43.2
Lease liabilities		0.1	0.2
Total current liabilities		142.8	409.7
Non-current liabilities			
Borrowings	16	1,783.4	1,384.1
Lease liabilities		4.2	-
Total non-current liabilities		1,787.6	1,384.1
Total liabilities		1,930.4	1,793.8
Net assets		3,023.3	2,992.5
Equity			
Contributed equity	17	2,931.8	2,929.3
Retained profits		91.5	63.2
Total equity		3,023.3	2,992.5

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

HomeCo Daily Needs REIT
Consolidated statement of changes in equity
For the half-year ended 31 December 2024



Consolidated	Contributed equity \$m	Retained profits \$m	Total equity \$m
Balance at 1 July 2023	2,922.4	153.7	3,076.1
Loss for the half-year	-	(10.7)	(10.7)
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	(10.7)	(10.7)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	3.9	-	3.9
Distributions declared (note 18)	-	(86.2)	(86.2)
Balance at 31 December 2023	<u>2,926.3</u>	<u>56.8</u>	<u>2,983.1</u>
Consolidated	Contributed equity \$m	Retained profits \$m	Total equity \$m
Balance at 1 July 2024	2,929.3	63.2	2,992.5
Profit for the half-year	-	116.8	116.8
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	116.8	116.8
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 17)	2.5	-	2.5
Distributions declared (note 18)	-	(88.5)	(88.5)
Balance at 31 December 2024	<u>2,931.8</u>	<u>91.5</u>	<u>3,023.3</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

HomeCo Daily Needs REIT
Consolidated statement of cash flows
For the half-year ended 31 December 2024



	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Cash flows from operating activities		
Receipts from tenants (inclusive of GST)	200.1	201.6
Payments to suppliers (inclusive of GST)	(45.9)	(75.9)
Interest income	0.5	0.3
Interest and other finance costs paid	(35.0)	(32.4)
Net cash from operating activities	119.7	93.6
Cash flows from investing activities		
Payment for acquisition of investment property and capital expenditure	(267.3)	(84.8)
Proceeds on sale of investment properties	135.5	90.8
Payment for investments in financial assets at fair value through profit or loss	(2.8)	-
Distributions from equity-accounted investees	6.2	0.6
Net cash (used in)/from investing activities	(128.4)	6.6
Cash flows from financing activities		
Proceeds from borrowings	259.9	796.6
Repayment of borrowings	(159.0)	(813.0)
Borrowing costs paid	(4.2)	(2.9)
Distributions paid	(84.9)	(82.2)
Payment of lease liabilities	(0.1)	(0.3)
Net cash from/(used in) financing activities	11.7	(101.8)
Net increase/(decrease) in cash and cash equivalents	3.0	(1.6)
Cash and cash equivalents at the beginning of the financial half-year	12.4	16.2
Cash and cash equivalents at the end of the financial half-year	15.4	14.6

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The consolidated financial statements cover HomeCo Daily Needs REIT (the Trust or HDN) as a consolidated entity consisting of HomeCo Daily Needs REIT and the entities it controlled at the end of, or during, the half-year (collectively referred to hereafter as the group). The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

HDN is a listed for-profit public investment trust, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
Gateway
1 Macquarie Place
Sydney NSW 2000

HMC Funds Management Limited (AFSL 237257) (the 'Responsible Entity') is the responsible entity of the Trust.

The Responsible Entity has appointed HMC Property Management Pty Limited (the 'Property Manager') and HMC Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to the group in accordance with an Investment Management and Property and Development Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are ultimately owned by HMC Capital Limited (ASX: HMC).

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 12 February 2025.

Note 2. Basis of preparation

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2024 and are not expected to have any significant impact for the full financial year ending 30 June 2025.

The revised Accounting Standard effective for the current half-year that is relevant to the group is set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

The group has adopted AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (AASB 101) and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (AASB 101 and AASB Practice Statement 2), as issued in 2020 and 2022.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, i.e. from 1 July 2024. As a result of the adoption of the amendments to AASB 101, the group changed its accounting policy for the classification of borrowings: 'Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right

Note 2. Basis of preparation (continued)

to defer settlement of the liability for at least 12 months after the reporting period'. This new policy did not result in a change of the presentation of the group's borrowings, which is reflected in note 16 of the consolidated financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

As at 31 December 2024, the group was in a net current asset position of \$16.6 million (30 June 2024: net current liability of \$300.2 million). The net assets include \$115.0 million in assets held for sale (30 June 2024: \$54.0 million). Subsequent to the period end, the group has exchanged a contract, with a non-refundable deposit of 5% paid. The group has access to an unused bank debt facility. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis.

The directors of the responsible entity have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis, as they believe that the group will comply with its future financial covenants and be able to pay its debts as and when they become due and payable from cash flows from operations and available finance facilities for at least 12 months from the date of approval of these consolidated financial statements.

Note 3. Operating segments

The group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors of the Responsible Entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The directors of the Responsible Entity have determined that there is one operating segment being its Australian operations.

The CODM monitors the performance of the business on the basis of Funds from Operations ('FFO'). FFO represents the group's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit or loss for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

The information reported to the CODM is on a quarterly basis.

Refer to the consolidated statement of financial position for segment assets and liabilities.

Major customers

During the half-year ended 31 December 2024 and 31 December 2023, there were no major customers of the group generating more than 10% of the group's external revenue.

Segment results

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Funds from operations ('FFO')	89.9	88.5
Straight lining and amortisation	(8.0)	(3.4)
Transaction costs	(0.2)	(0.3)
Net fair value movements	35.9	(94.6)
Share of profit/(loss) of equity accounted investees	0.8	(0.1)
Distribution from equity accounted investees	(1.4)	(1.0)
Rental guarantee income	(0.4)	-
Other items	0.2	0.2
Profit/(loss) for the half-year	116.8	(10.7)

Note 4. Property income

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Property rental income	149.5	147.5
Other property income	29.3	31.2
Property income	<u>178.8</u>	<u>178.7</u>

Disaggregation of revenue

Revenue from property rental is recognised on a straight-line basis over the lease term. Other property income is recognised over time as services are rendered.

Note 5. Net change in assets/liabilities at fair value through profit or loss

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Net fair value gain/(loss) on investment properties (note 11)	52.5	(67.9)
Net fair value gain/(loss) on derivatives	(16.4)	(26.7)
Net fair value gain/(loss) on financial assets	(0.2)	-
	<u>35.9</u>	<u>(94.6)</u>

Note 6. Expenses

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Profit/(loss) includes the following specific expenses:		
Acquisition and transaction costs	0.2	0.3
<i>Finance costs</i>		
Interest and finance charges on borrowings	38.0	32.9
Interest and finance charges on lease liabilities	-	0.2
Amortisation of capitalised borrowing costs	2.6	3.4
Finance costs expensed	<u>40.6</u>	<u>36.5</u>

Note 7. Cash and cash equivalents

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
<i>Current assets</i>		
Cash at bank	<u>15.4</u>	<u>12.4</u>

Note 8. Trade and other receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
<i>Current assets</i>		
Trade receivables	2.9	2.5
Less: Allowance for expected credit losses	(1.6)	(1.6)
	<u>1.3</u>	<u>0.9</u>
Other receivables	4.8	4.3
	<u>6.1</u>	<u>5.2</u>

Note 9. Other assets

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
<i>Current assets</i>		
Prepayments	1.1	8.5
Security deposits	0.4	0.4
Other current assets	12.5	10.2
	<u>14.0</u>	<u>19.1</u>

Note 10. Assets held for sale

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
<i>Current assets</i>		
Investment properties	<u>115.0</u>	<u>54.0</u>

The 31 December 2024 assets held for sale represent HomeCo Logan, Queensland that was contracted to be sold in February 2025. The property is expected to be settled during the financial year ending 30 June 2025.

The 30 June 2024 asset held for sale represented HomeCo Ballarat, Victoria that was contracted to be sold and was settled in August 2024.

Note 11. Investment properties

Consolidated
31 Dec 2024 30 Jun 2024
\$m \$m

Non-current assets

Investment properties - at fair value

4,733.6 4,607.1

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:

Consolidated
31 Dec 2024
\$m

Opening fair value 1 July 2024

4,607.1

Acquisitions

198.1

Capitalised expenditure (including transaction costs)

73.7

Straight-lining and amortisation of incentives

(5.4)

Net unrealised loss from fair value adjustments (note 5)

52.5

Disposals

(81.5)

Reclassification to assets held for sale (note 10)

(115.0)

Movement in right of use asset

4.1

Closing fair value

4,733.6

Refer to note 19 for further information on fair value measurement.

Note 12. Investments accounted for using the equity method

Consolidated
31 Dec 2024 30 Jun 2024
\$m \$m

Non-current assets

Investment in associate - Aventus Property Syndicate 1 Fund

0.7 6.3

Investment in joint venture - HMC Last Mile Logistics Property Trust 1

50.1 49.9

50.8 56.2

Interests in associates/joint ventures

Interests in associates/joint ventures are accounted for using the equity method of accounting. Information relating to the group's associate/joint venture is set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2024 %	30 Jun 2024 %
Aventus Property Syndicate 1 Fund	Australia	25.3%	25.3%
HMC Last Mile Logistics Property Trust 1	Australia	50.1%	50.1%

Note 13. Investments in financial assets at fair value through profit or loss

Consolidated	
31 Dec 2024	30 Jun 2024
\$m	\$m

Non-current assets

Unlisted equity securities

2.9	-
-----	---

Refer to note 19 for further information on fair value measurement.

During the financial half-year, the group made a minority investment in HMC Last Mile Logistics Property Trust 1A.

Note 14. Derivative financial instruments

Consolidated	
31 Dec 2024	30 Jun 2024
\$m	\$m

Current assets

Derivative asset - interest rate swap contracts

8.9	18.8
-----	------

Non-current assets

Derivative asset - interest rate swap contracts

7.0	13.5
-----	------

Refer to note 19 for further information on fair value measurement.

Note 15. Trade and other payables

Consolidated	
31 Dec 2024	30 Jun 2024
\$m	\$m

Current liabilities

Trade payables

24.3	9.7
------	-----

Rent received in advance

12.7	7.7
------	-----

Accrued expenses

40.2	35.3
------	------

Interest payable

13.6	7.6
------	-----

Other payables

7.6	6.0
-----	-----

98.4	66.3
------	------

Note 16. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
<i>Current liabilities</i>		
Bank loans	-	300.0
<i>Non-current liabilities</i>		
Bank loans	1,790.1	1,389.2
Capitalised borrowing costs	(6.7)	(5.1)
	<u>1,783.4</u>	<u>1,384.1</u>

The group's bank debt is comprised of \$1,850.0 million secured debt facilities of which \$1,790.1 million is drawn at 31 December 2024. During the financial half-year, the group refinanced the \$300.0 million revolver facility expiring in June 2025 and the \$355.0 million term facility expiring in December 2025 as per below.

Details of the term facilities and revolver facilities are provided below:

31 December 2024			30 June 2024		
Current facility details			Previous facility details		
	Facility limit	Expiry date		Facility limit	Expiry date
	\$m			\$m	
A1 - Term	550.0	July 2026	A1 - Term	550.0	July 2026
A2 - Term	260.0	July 2026	A2 - Term	260.0	July 2026
B2 - Revolver	355.0	December 2027	B2 - Revolver	355.0	December 2027
B1 - Revolver	230.0	July 2027	B1 - Revolver	355.0	December 2025
C1 - Term	185.0	July 2029	C - Term	300.0	June 2025
C2 - Term	270.0	July 2030			
	<u>1,850.0</u>			<u>1,820.0</u>	

The interest comprises a base rate plus a variable margin, determined by the prevailing loan-to-valuation ratio. The bank loans are secured by first mortgages over the group's investment properties, including any classified as held for sale.

The fair value of borrowings approximates their carrying value as the interest payable on borrowings reflects current market rates.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$m	\$m
Total facilities		
Bank debt	1,850.0	1,820.0
Used at the reporting date		
Bank debt	1,790.1	1,689.2
Unused at the reporting date		
Bank debt	59.9	130.8

Note 17. Contributed equity

	31 Dec 2024 Units	30 Jun 2024 Units	Consolidated 31 Dec 2024 \$m	30 Jun 2024 \$m
Ordinary class units - fully paid	2,082,243,034	2,080,210,920	2,931.8	2,929.3

Movements in ordinary units

Details	Date	Units	\$m
Balance	1 July 2024	2,080,210,920	2,929.3
Units issued as part of distribution reinvestment plan ('DRP') (at \$1.19 per unit)	22 August 2024	1,066,676	1.3
Units issued as part of DRP (at \$1.25 per unit)	22 November 2024	965,438	1.2
Balance	31 December 2024	2,082,243,034	2,931.8

Note 18. Distributions

Distributions declared during the financial half-year were as follows:

	Consolidated 31 Dec 2024 \$m	31 Dec 2023 \$m
Interim distribution for the year ending 30 June 2025 of 2.125 cents (2023: 2.075 cents) per unit declared on 24 September 2024. The distribution was paid on 22 November 2024 to unitholders registered on 30 September 2024.	44.2	43.1
Interim distribution for the year ending 30 June 2025 of 2.125 cents (2023: 2.075 cents) per unit declared on 11 December 2024. The distribution will be paid on 26 February 2025 to unitholders registered on 31 December 2024.	44.3	43.1
	88.5	86.2

The final distribution for the year ended 30 June 2024 of \$43.2 million of 2.075 cents per unit was paid on 22 August 2024.

Note 19. Fair value measurement

Fair value hierarchy

The following table details the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2024	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment properties	-	-	4,733.6	4,733.6
Investment properties - held for sale	-	-	115.0	115.0
Investments in financial assets at fair value through profit or loss	-	-	2.9	2.9
Derivatives - interest rate swaps	-	15.9	-	15.9
Total assets	-	15.9	4,851.5	4,867.4

Note 19. Fair value measurement (continued)

Consolidated - 30 Jun 2024	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment properties	-	-	4,607.1	4,607.1
Investment properties - held for sale	-	-	54.0	54.0
Derivatives - interest rate swaps	-	32.3	-	32.3
Total assets	-	32.3	4,661.1	4,693.4

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using observable market inputs. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

The basis of valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The discounted cash flow method and the capitalisation method are also considered for determining fair value. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report. Where directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

Description	Unobservable inputs	Range (weighted average) 31 Dec 2024	Range (weighted average) 30 Jun 2024
Investment properties - including held for sale	(i) Capitalisation rate	4.8% to 7.0% (5.6%)	4.8% to 7.0% (5.6%)
	(ii) Discount rate	5.8% to 7.5% (6.8%)	5.8% to 7.5% (6.7%)
	(iii) Terminal yield	5.0% to 7.3% (5.9%)	5.0% to 7.3% (5.9%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher rental growth rate will lead to a higher fair value. The capitalisation rate is the most significant input into the valuation of investment property and therefore most sensitive to changes in valuation. A 25 basis point increase in capitalisation rate would result in a decrease in the fair value of investment property by \$206.9 million and a 25 basis point decrease in capitalisation rate would result in an increase in the fair value of investment property by \$226.3 million.

Note 20. Contingent liabilities

The group had no contingent liabilities as at 31 December 2024 and 30 June 2024.

Note 21. Commitments

	Consolidated	
	31 Dec 2024 \$m	30 Jun 2024 \$m
<i>Capital commitment</i>		
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	46.4	82.1
Property acquisitions and investments	3.3	76.7
	<u>49.7</u>	<u>158.8</u>

Note 22. Related party transactions

Following is a summary of fees paid to the Responsible Entity and its related entities:

Type of fee	Method of fee calculation	Consolidated	
		31 Dec 2024 \$'000	31 Dec 2023 \$'000
Base management fees*	0.65% per annum of Gross Asset Value ('GAV') up to \$1.5 billion 0.55% per annum of GAV between \$1.5 billion to \$5.0 billion 0.50% per annum of GAV in excess of \$5.0 billion	14,005	13,818
Base management fee rebate*		(4,600)	(4,756)
Net Base management fee*		9,405	9,062
Property management fees*	3.0% of gross property income	5,473	5,196
Property management fee increase*		4,600	4,756
Property management fees*		10,073	9,952
Leasing fees	7.5% of year 1 gross income on renewals 15.0% of year 1 gross income on new leases	3,455	2,567
Development management fees	5.0% of project spend up to \$2.5 million 3.0% of project spend thereafter	1,691	1,726
Acquisition fees	1.0% of purchase price	2,006	115
Disposal fees	0.5% of sale price	678	454
Reimbursement of Responsible Entity expenses	Cost recovery	342	396

* Aventus's (AVN) existing property management agreements continue to apply to the management and development of the AVN portfolio. However, if the fees under the existing AVN property management agreement are higher than what would have been incurred had such agreement been replaced with the HDN property management agreement, the base management fees are reduced by that excess.

The following other transactions occurred with related parties:

	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Payment for goods and services:		
Payments to HMC Capital Limited related to recharges	973	539
Other transactions:		
HMC Capital Limited's share of distributions declared as a unitholder of HDN	9,990	12,097
Rental, rental guarantee and other income from other director related entities	770	5,963

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Current receivables:		
Receivables from other director related entities	-	2,000
Current payables:		
Trade and other payables to the Investment Manager and Property Manager	21,084	11,273
Distributions payable to HMC Capital Limited	4,655	5,209

Note 23. Earnings per unit

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$m	\$m
Profit/(loss) for the half-year	<u>116.8</u>	<u>(10.7)</u>
	Number	Number
Weighted average number of units used in calculating basic earnings per unit	<u>2,081,186,022</u>	<u>2,076,255,838</u>
Weighted average number of units used in calculating diluted earnings per unit	<u>2,081,186,022</u>	<u>2,076,255,838</u>
	Cents	Cents
Basic earnings per unit	5.61	(0.52)
Diluted earnings per unit	5.61	(0.52)

Note 24. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

HomeCo Daily Needs REIT
Directors' declaration
31 December 2024

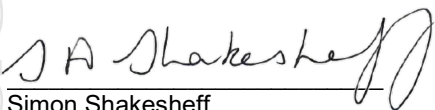


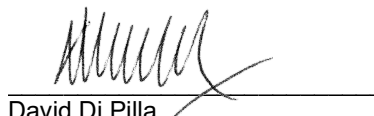
In the opinion of the directors of HMC Funds Management Limited, the Responsible Entity of HomeCo Daily Needs REIT (the Trust):

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of the Responsible Entity, HMC Funds Management Limited, made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity


Simon Shakesheff
Independent Non-Executive Chair


David Di Pilla
Non-Executive Director

12 February 2025

Independent Auditor's Review Report

To the unitholders of HomeCo Daily Needs REIT

Conclusion

We have reviewed the accompanying **Interim Financial Report** of HomeCo Daily Needs REIT (the Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of HomeCo Daily Needs REIT does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 24 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises HomeCo Daily Needs REIT (the Trust) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2024.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the HMC Funds Management Limited as the Responsible Entity of the Trust are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Jessica Davis

Partner

Sydney

12 February 2025