



HealthCo Healthcare and Wellness REIT
ARSN 652 057 639
HCW Funds Management Limited
ACN 104 438 100, AFSL 239882

ASX RELEASE

18 December 2023

HEALTHCO DELIVERS NET VALUATION GAIN OF \$38 MILLION AND PROVIDES UPDATE ON UNLISTED HEALTHCARE FUND (UHF)

KEY HIGHLIGHTS

- Dec-23 preliminary unaudited net valuation gain on the underlying investment property portfolio including HCW's interest in UHF¹ of \$38.3m², representing a +2.5% net increase on the Jun-23 pro-forma portfolio value³, comprised of:
 - \$0.5m net gain realised on HCW's investment property portfolio
 - \$37.9m net gain realised on HCW's equity accounted investments, driven by a \$28.2m net gain at Nepean Private Hospital⁴
- HMC Capital (HMC) announced in September 2023 that UHF successfully secured \$650m of equity commitments including from three major global institutional investors. A fourth domestic institutional investor has now received investment committee approval for the remaining ~\$75m equity commitment (which was underwritten by HMC) and is in the process of completing final documentation. Funding by the new investor is expected by the end of calendar year 2023
 - The successful establishment of the fund with major global institutional investors creates additional funding flexibility for HCW's value accretive development pipeline
- Distribution of 2.0 cents per unit for the quarter ended 31 December 2023 declared
- FY24 FFO/unit & DPU guidance of 8.0c reaffirmed

HealthCo Healthcare & Wellness REIT (**ASX: HCW**) Chief Financial Officer Christian Soberg, said: *"The \$38m net valuation gain reflects the high-quality nature of HCW's portfolio, resilient characteristics of healthcare property as an asset class, and strong contracted net operating income growth across the assets with over 70% of leases being CPI linked."*

"The \$28m net gain at Nepean Private Hospital highlights our ability to unlock value through undertaking large, complex transactions, and highlights the significant embedded value in the Healthscope Hospital Portfolio."

1. Based on HCW's 49.6% interest in UHF as at Dec-23.

2. Net movements exclude straight lining, amortisation and capitalised transaction costs.

3. Pro-forma adjusted for \$69m of asset disposals contracted or settling in FY24 (Armadale, Croydon, Yallambie, Avondale, Tarneit, Greystanes and Five Dock); the deconsolidation of HCW's interest in the Unlisted Healthcare Fund after the successful first close of the fund in September 2023; and excludes Five Dock (asset held for sale).

4. Asset independently valued as at Dec-23. \$28.2m net gain represents HCW's share of the net gain; net gain on a 100% basis equal to \$57m.

DECEMBER 2023 PRELIMINARY UNAUDITED PORTFOLIO VALUATION

In accordance with the stated valuation policy of HCW, preliminary unaudited valuations for all 29 owned properties in the portfolio have been completed. This comprised 12 independent valuations, representing 34% of the properties by value and 41% by number, with the remaining 17 properties completed by internal valuation.

The preliminary unaudited portfolio valuation, which remains subject to year-end audit, has increased by \$100m (+6.2%) to \$1,637m (vs. pro forma 30 June 2023). Net of capital expenditure incurred during the period of \$62m, this represents a net valuation increase of \$38m (+2.5%).

Preliminary unaudited portfolio valuation	Independent valuations	Internal valuations	Held for Sale / Disposals	Equity accounted investments ⁵	Total ⁶	Portfolio WACR (%)
# properties	12	17	-	8	37	
30 June 2023 valuation	\$300m	\$697m	\$31m	\$606m	\$1,634m	5.03%
Net acquisitions and disposals ⁷	-	-	(\$31m)	\$233m	\$202m	
Net impact of deconsolidation of UHF	-	-	-	(\$299m)	(\$299m)	
Pro forma 30 June 2023 valuation	\$300m	\$697m	-	\$540m	\$1,537m	
Capital expenditure	\$41m	\$4m	-	\$17m	\$62m	
Net valuation movement	\$9m	(\$8m)	-	\$38m	\$38m	
31 December 2023 valuation	\$349m	\$693m	-	\$594m	\$1,637m	5.16%
Gross increase / (decrease)	+16.4%	(0.6%)	-	+10.2%	+6.5%	
Net increase / (decrease)	+2.9%	(1.2%)	-	+7.0%	+2.5%	

DECEMBER 2023 QUARTER DISTRIBUTION DECLARATION

HCW Funds Management Limited as Responsible Entity of HCW has declared the quarterly distribution for the period 1 October 2023 to 31 December 2023 of 2.000 cents per unit. The Distribution Reinvestment Plan (DRP) is activated for this quarter with no discount. The key dates and details for the December 2023 distribution are:

Event	Date
Distribution amount	2.000 cents per unit
Ex-distribution date	Thursday, 28 December 2023
Record date	Friday, 29 December 2023
Last date to elect to participate in DRP	Tuesday, 2 January 2024
Payment date and despatch of statements	On or about Wednesday 21 February 2024
DRP VWAP Period	Wednesday, 3 January 2024 to Tuesday, 9 January 2024
DRP Price Announcement	Wednesday, 10 January 24
Discount	Nil

5. HCW's interest in equity accounted investments - UHF and Camden Stages 2/3. Valuation at 30 June 23 includes 100% ownership of UHF.

6. Excludes right of use asset at GC Urraween.

7. Including assets held for sale.

This announcement is authorised by the Board of the Responsible Entity.

INVESTORS

Andrew Dodds
HMC Capital Corporate Finance & IR Manager
+61 423 810 851
andrew.dodds@hmccapital.com.au

Christian Soberg
HCW Chief Financial Officer
+61 450 417 712
christian.soberg@hmccapital.com.au

MEDIA ENQUIRIES

John Frey
Corporate Communications Counsel
+61 411 361 361
john@brightoncomms.com.au

About HealthCo Healthcare & Wellness REIT

HealthCo Healthcare & Wellness REIT (HCW) is a Real Estate Investment Trust listed on the ASX focused on owning healthcare and wellness property assets. The REIT's objective is to provide exposure to a diversified portfolio underpinned by healthcare sector megatrends, targeting stable and growing distributions, long-term capital growth and positive environmental and social impact. HCW is Australia's leading diversified healthcare REIT with a combined portfolio size of \$1.6 billion⁸ and development pipeline of approximately \$1 billion⁹.

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. 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 HCW. 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. 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 HCW as at the date of this announcement. Except as required by applicable laws or regulations, HCW 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.

This announcement is also subject to the same disclaimer as appears in the Investor Presentation with any necessary contextual changes.

8. Inclusive of HCW's interest in equity accounted investments.

9. Development pipeline represents estimated end value on a 100% basis including UHF's exposure.