



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

ASX RELEASE

6 June 2024

HEALTHCO HEALTHCARE & WELLNESS REIT DELIVERS +2.3% GROSS VALUATION GAINS

KEY HIGHLIGHTS

- Jun-24 preliminary unaudited valuation gain of \$37m, representing a +2.3% gross increase on the Dec-23 pro-forma portfolio value¹, driven by:
 - \$4m (+0.6%) net gain realised on HCW's equity accounted investments
 - -\$4m (-0.4%) net impact realised on HCW's balance sheet investment properties, driven by positive net operating income growth offset by minor capitalisation rate softening
 - \$37m of capital expenditure in the existing portfolio
- Expected to complete \$200m asset recycling program by 30 June 2024
 - HCW has now divested \$158m² of its previously announced \$200m asset recycling program at a passing yield³ of 5.2%. HCW is targeting an additional ~\$40m of asset sales by the end of FY24
- Distribution of 2.0 cents per unit for the quarter ended 30 June 2024 declared
- FY24 FFO/unit & DPU guidance of 8.0c reaffirmed

HealthCo Healthcare & Wellness REIT (**ASX: HCW**) Senior Portfolio Manager Christian Soberg, said: *"The valuations reflect the critical infrastructure characteristics of the HealthCo portfolio and in particular our private medical surgical hospitals, which recorded a \$12m⁴ net valuation gain driven by income growth."*

"The solid pricing outcomes we have achieved in our asset recycling program highlights the continued investment demand for high quality healthcare and essential infrastructure real estate assets. We continue to recycle proceeds from the disposal program into the accretive on-market unit-buyback whilst maintaining gearing at the lower end of the 30-40% target range."

¹ Pro-forma adjusted for asset disposals contracted or settling in 2H FY24 / 1H FY25. Includes HCW's interest in UHF.

² Includes assets which have settled or have exchanged and are due to settle in 2H FY24 / 1H FY25.

³ Weighted average. Excludes Five Dock, which was sold as vacant possession.

⁴ On a 100% ownership basis.

JUNE 2024 PRELIMINARY UNAUDITED PORTFOLIO VALUATION

In accordance with the stated valuation policy of HCW, preliminary unaudited valuations for all 33 properties in the portfolio have been completed⁵. This comprised 14 independent valuations, representing 50% of the properties by value and 42% by number, with the remaining 19 properties completed by internal valuation.

The preliminary unaudited portfolio valuation, which remains subject to year-end audit, has increased by \$37m (+2.3%) to \$1,629m (vs. pro forma 31 December 2023). Net of capital expenditure incurred during the period of \$37m, valuations remained flat in the 6 months to 30 June 2024.

Preliminary unaudited portfolio valuation	Independent valuations	Internal valuations	Acquisitions / Disposals	Equity accounted investments ⁶	Total ⁷	Portfolio WACR (%)
# properties	7	18	-	8	33	
31 December 2023 valuation	\$231m	\$767m	\$45m	\$594m	\$1,637m	5.16%
Net acquisitions and disposals ⁸	-	-	(\$45m)			
Pro forma 31 December 2023 valuation	\$231m	\$767m	-	\$594m	\$1,592m	5.17%
Capital expenditure	\$3m	\$23m	-	\$11m	\$37m	
Net valuation movement	(\$15m)	\$11m	-	\$4m	\$0m	
30 June 2024 valuation	\$219m	\$801m	-	\$609m	\$1,629m	5.27%
Gross increase / (decrease)	(5.2%)	4.5%	-	2.4%	2.3%	
Net increase / (decrease)	(6.6%)	1.5%	-	0.6%	0.0%	

JUNE 2024 QUARTER DISTRIBUTION DECLARATION

HCW Funds Management Limited as responsible entity of HCW (**Responsible Entity**) has declared the quarterly distribution for the period 1 April 2024 to 30 June 2024 of 2.000 cents per unit. The key dates and details for the June 2024 distribution are:

Event	Date
Distribution amount	2.000 cents per unit
Ex-distribution date	27 June 2024
Record date	28 June 2024
Payment date and despatch of statements	On or about 22 August 2024

HCW announced its on-market unit buy-back of fully paid ordinary units in HCW for up to \$50 million on 23 April 2024. In light of the buyback, HCW's Distribution Reinvestment Plan (**DRP**) has been suspended with effect from 6 June 2024 until further notice⁹.

⁵ Including equity accounted investments.

⁶ HCW's interest in equity accounted investments - UHF (all of which were independently revalued as at 30 June 2024) and Camden Stages 2/3.

⁷ Excludes right of use asset at GC Urraween.

⁸ Including assets held for sale.

⁹ Rule 16 of HCW's DRP Rules states that the DRP may be suspended by the Responsible Entity at any time prior to the distribution payment date by notification on HCW's website and by notice to ASX. While the DRP is suspended, any election to participate will also be suspended and eligible participants in the DRP will instead receive cash distributions. The DRP may be reinstated by notification on HCW's website and by notice to ASX. Upon reinstatement of the DRP, all prior elections will be reinstated and will continue to apply until an unitholder lodges a new instruction form, unless the Responsible Entity determines otherwise.

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

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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 a positive environmental and social impact. HCW is Australia's leading diversified healthcare REIT with a combined portfolio size of \$1.6 billion¹⁰.

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.

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