



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

ASX RELEASE

13 June 2023

HEALTHCO HEALTHCARE & WELLNESS REIT DELIVERS NET VALUATION GAIN OF \$71 MILLION AND DECLARES 4Q FY23 DISTRIBUTION

KEY HIGHLIGHTS

- Jun-23 preliminary unaudited net valuation gain of \$71m, representing a +4.5% increase on the pro-forma Dec-22¹ portfolio value
 - \$90.0m² net gain on the recently acquired and settled Healthscope Knox Private Hospital development project
 - The balance of the Healthscope properties have been retained at the acquisition price as at Jun-23. Further positive re-valuations are expected to be realised upon settlement of Tranche 3 assets and completion of the development at Knox
 - \$7.5m net gain on the recently completed greenfield private hospital, The George Centre, NSW³, representing a +8.7% increase on the Dec-22 valuation
 - Offset by a \$26.0m net valuation decline across other properties in the portfolio, of which \$11.9m was attributable to the GenesisCare portfolio where individual cap rates expanded by ~70 bps
- HMC Capital's institutional fund raising for the Unlisted Healthcare & Life Sciences Fund (**UHF**) remains on-track to reach first close by Sep-23
- Distribution of 2.0 cents per unit for the quarter ended 30 June 2023 declared, resulting in a full year FY23 distribution of 7.6 cents per unit, in line with guidance
- 4Q FY23 run rate FFO/unit of 8.0c and statutory FFO/unit guidance of 6.9c⁴ reaffirmed

HealthCo Healthcare & Wellness REIT (**ASX: HCW**) Senior Portfolio Manager Sam Morris, said: "*The valuation results reflect the resilient nature of our portfolio, supported by favourable megatrends which will underpin long-term demand for healthcare services and the supporting infrastructure.*"

"The positive valuation outcome we have achieved at The George and Healthscope Knox highlights our ability to create value for our shareholders via the accretive development pipeline. Importantly, this provides compelling future valuation upside potential for the balance of the Healthscope private hospital portfolio which we recently acquired on attractive terms."

1. Includes \$811m of acquisitions completed in 2H FY23 including Tranches 1 & 2 of Healthscope private hospitals portfolio and Eden Park Drive, Macquarie Park.

2. Represents HCW's share (100% as at 30-Jun-23, which will reduce to ~50% upon completion of settlement Tranche 3). Excludes transaction costs.

3. Represents Camden Stage 1 only and excludes Stages 2 & 3.

4. Statutory FFO guidance is 6.9cpu due to the impact of the timing of the capital raise and the Healthscope private hospitals portfolio acquisition.

JUNE 2023 PRELIMINARY UNAUDITED PORTFOLIO VALUATION

In accordance with the stated valuation policy of HCW, preliminary unaudited valuations for all 42 owned properties in the portfolio have been completed. This comprised 14 independent valuations, representing 73%⁵ of the properties by value and 39%⁵ by number, with the remaining 28 properties completed by internal valuation.

The preliminary unaudited portfolio valuation, which remains subject to year-end audit, has increased by \$118m (+7.4%) to \$1,708m (vs. pro forma 31 December 2022). Net of capital expenditure incurred during the period of \$47m, this represents a net valuation increase of \$71m (+4.5%).

The George Centre completed on-time and on-budget with lease commencement in Jan-23. Following completion, The George was independently revalued as at 30-Jun-23, resulting in a net uplift of \$7.5m to \$106m (+8.7% vs. Dec-22).

The \$90m net valuation gain from the Healthscope acquisition is comprised of a gain from the Knox Private Hospital which reflects income rentalised as part of the brownfield expansion main works which is on track for completion by Q1 FY24. The balance of the Healthscope properties are carried at acquisition price and are supported by independent valuations.

The Nepean Private Hospital⁶ brownfield expansion also remains on track for completion in Q1 FY24.

Preliminary unaudited portfolio valuation	Independent valuations	Internal valuations	Healthscope acquisitions (independent)	Total ⁷	Portfolio WACR (%)
# properties	7	28	7	42	
Pro forma 31 Dec 2022⁸	\$329m	\$531m	\$730m	\$1,590m	5.04%
Capital expenditure	\$12m	\$16m	\$18m	\$47m	
Net valuation movement	\$5m	(\$24m)	\$90m	\$71m	
30 June 2023	\$346m	\$524m	\$838m	\$1,708m	5.06%
Gross increase / (decrease)	5.3%	(1.5%)	14.8%	7.4%	
Net increase / (decrease)	1.6%	(4.5%)	12.3%	4.5%	

JUNE 2023 QUARTER DISTRIBUTION DECLARATION

HCW Funds Management Limited as Responsible Entity of HCW has declared the quarterly distribution for the period 1 April 2023 to 30 June 2023 of 2.00 cents per unit taking the full-year FY23 distribution to 7.625 cents per unit.

The distribution is consistent with guidance provided in HCW's equity raising presentation provided on 30 March 2023. The Distribution Reinvestment Plan is activated for this quarter with no discount.

The key dates and details for the June 2023 distribution are:

5. Excluding assets held for sale.

6. To be acquired by the Unlisted Healthcare & Life Sciences Fund (UHF) as part of Tranche 3 of the Healthscope private hospitals portfolio.

7. Includes proportionate share of equity accounted investments (Camden Stage 2 & 3) and excludes Right of Use Asset on leasehold asset.

8. Includes \$811m of acquisitions completed in 2H FY23 including Tranches 1 & 2 of Healthscope private hospitals portfolio and Eden Park Drive, Macquarie Park.

Event	Date
Distribution amount	2.000 cents per unit
Ex-distribution date	29 June 2023
Record date	30 June 2023
Last date to elect to participate in DRP	3 July 2023
Payment date and despatch of statements	On or about 30 August 2023
VWAP Period	4 July 2023 to 10 July 2023
DRP Price Announcement	11 July 2023
Discount	Nil

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 positive environmental and social impact. HCW is Australia's leading diversified healthcare REIT with a combined portfolio size of \$1.7 billion and development pipeline of approximately \$1 billion.

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.