



HealthCo Healthcare and Wellness REIT
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ASX RELEASE

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HEALTHCO SETTLES ON HEALTHSCOPE HOSPITAL PORTFOLIO ACQUISITION, PROGRESSES CAPITAL RECYCLING PROGRAM & PROVIDES UPDATE ON GENESISCARE

KEY HIGHLIGHTS

- Settled Tranches 1 and 2 of the Healthscope hospital portfolio in May 2023 for \$730m
 - Unlisted Healthcare & Life Sciences fund (**UHF**) to settle remaining \$470m of Healthscope hospitals (Tranche 3) by Sep-23 with third party institutional capital¹
- HMC Capital's institutional fund raising for UHF is well progressed with strong indicative interest from multiple domestic and global institutional investors
 - On-track to reach first close by Sep-23 with ~\$325m of 3rd party equity raised
 - Demonstrates the level of demand for critical social infrastructure assets
- Successfully executing asset recycling program with \$82m of assets contracted with an additional ~\$45m of asset sales currently under advanced due diligence
- HCW tenant GenesisCare files for Chapter 11 bankruptcy in the US to allow global restructure and separation from US operations
 - GenesisCare remains in compliance with its lease obligations and represents <5% of HCW revenue
 - GenesisCare has announced the Australian business will continue to operate normally during the Chapter 11 process and patient care will not be affected
 - HCW properties leased to GenesisCare remain attractive given the proximity to related health services and hospital infrastructure and their specialised high intensity fit-out
- 4Q FY23 run rate FFO/unit of 8.0c² and FY23 DPU guidance of 7.6c reaffirmed

HealthCo Healthcare & Wellness REIT (**ASX: HCW**) Senior Portfolio Manager Sam Morris, said: “*The settlement of Tranches 1 & 2 represents the beginning of our long-term strategic partnership with Healthscope, Australia’s second largest private hospital operator. HealthCo has also made meaningful progress on our key strategic objectives, including the asset recycling program, as we reduce gearing to the midpoint of our target range. Pricing and indicative interest received to date highlights the quality of the HealthCo portfolio.*”

“*HMC Capital has also received a strong response from institutional investors for the remaining ~50% interest in the unlisted fund, which demonstrates the level of demand for critical social infrastructure assets of this scale and quality. HMC Capital’s fund raising remains on-track to reach first close by September 2023 with a target initial raising of ~\$325m*”, Mr Morris said.

1. HMC Capital has committed to backstopping the acquisition of Tranche 3 if institutional equity commitments for UHF takes longer than 6 months.
2. Statutory FFO guidance is 6.9cpu due to the impact of the timing of the capital raise and the Healthscope portfolio acquisition.

CAPITAL RECYCLING PROGRAM UPDATE

HealthCo has progressed its asset recycling program announced at the time of acquiring the Healthscope Hospital Portfolio.

- \$82.3m of assets have been contracted for sale which comprises:
 - \$45.3m of childcare assets transacting at a 2% discount to Dec-22 book values, demonstrating the continued strong demand for high quality and well located childcare centres; and
 - Cairns Health Hub, a repurposed former Masters site in far north Queensland, which sold at a 5% discount to Dec-22 book value.
- An additional ~\$45m of asset sales are currently under advanced due diligence
- Asset sales are anticipated to complete in 2H CY23

GENESISCARE UPDATE

HCW acknowledges the recent announcement from GenesisCare regarding the Chapter 11 bankruptcy filing in the U.S. to allow a global restructure, including the Australian operations. GenesisCare currently represents less than 5% of HCW revenue following completion of the Healthscope hospital portfolio acquisition. The underlying HCW properties leased to GenesisCare continue to remain attractive to HCW for the following reasons:

1. Proximity to complementary health services and hospital infrastructure; and
2. Custom high intensity fit outs, including certified radiation proof concrete bunkers, required by legislation to support treatment and costly to relocate.

GenesisCare is currently compliant with its lease obligations with HCW, including all current rent paid. GenesisCare has announced the Australian business will continue to operate normally during the Chapter 11 process and patient care will not be affected.

Whilst the Australian GenesisCare operations are reported to be profitable, should circumstances change, HCW has received unsolicited expressions of interest from multiple leading industry operators and is confident in its ability to re-lease the properties at passing rents.

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 \$1.5 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.