



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

ASX RELEASE

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HCW COMPLETES TRANSFORMATIONAL HEALTHSCOPE PORTFOLIO ACQUISITION AND DELIVERS 29% FFOpu GROWTH IN 1H FY24 WITH FY24 GUIDANCE REAFFIRMED

HealthCo Healthcare & Wellness REIT (ASX: HCW) today released its results for the half year ended 31 Dec 2023. As part of a broader HMC Capital (ASX: HMC) group organisational restructure to be announced at its results next week, Sid Sharma (current Group COO) will be assuming oversight of the group's real estate activities, including HCW. Christian Soberg (previously HCW Chief Financial Officer) now assumes the role of HCW Senior Portfolio Manager.

1H FY24 performance was driven by the transformative acquisition of the Healthscope private hospital portfolio, which successfully completed in Oct-23 alongside the Unlisted Healthcare Fund's (UHF) four major global institutional investors. Having now been integrated into the platform, HCW has commenced unlocking the embedded value in this high-quality portfolio. Key Highlights include:

Investment and development highlights

- \$38m 1H FY24 net revaluation gain realised on HCW's portfolio, partially driven by a \$28m net gain at Healthscope Nepean Private Hospital¹
- Total net valuation gains of +15%² realised since acquisition of the Healthscope private hospital portfolio
- Successful first close of the ~\$1.3bn³ Unlisted Healthcare Fund (UHF) with \$650m of equity commitments from HCW and four major global institutional investors
- Executing \$200m asset recycling programme with \$115m⁴ sold or contracted for sale and ~\$50-70m in advanced due diligence
- Successful completion of the ~\$36m Springfield Health Hub development anchored by Mater, generating an \$11m development profit. Development projects at Knox (stage 2), Northpark and Proxima are all on track for completion in 2H FY24
- Included in the S&P ASX300 index in Sep-23

Operational highlights

- 99% occupancy⁵ maintained
- 100% cash rent collection maintained
- CPI linked income increased to 75% as at Dec-23 versus 32% as at 1H FY23
- 12 year WALE secured by high quality and growing income streams⁶

Financial highlights

- 1H FY24 FFO of 4.0cpu (\$22.6m) representing +29% growth versus 1H FY23
- 1H FY24 DPU of 4.0 cents representing +7% growth versus 1HFY23
- Gearing of 34% at the lower end of the 30-40% target range and ~\$62m of available liquidity
- NTA/unit of \$1.65

FY24 guidance reaffirmed

- FY24 FFO guidance of 8.0cpu reaffirmed, representing 16% growth on FY23
- FY24 DPU guidance of 8.0cents reaffirmed, representing 5% growth on FY23

1 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.

2 Net gain on a 100% basis.

3 Gross asset value including committed brownfield development projects.

4 Includes \$46m of assets which settled in 2H FY23, \$59m of assets which settled in 1H FY24, and \$10m of assets which are expected to settle in 2H FY24.

5 By GLA. Includes signed leases and signed MOUs. Includes rental guarantees and excludes divestments & development assets.

6 By gross income. Includes signed leases and signed MOUs. Includes contracted acquisitions and excludes divestments.

HCW Senior Portfolio Manager, Christian Soberg said, “The strong 1H FY24 result is a reflection of HealthCo’s high quality portfolio of critical healthcare infrastructure, tenant quality and high exposure to defensive and noncyclical expenditure. Long term structural demand drivers continue to underpin healthcare real estate outperformance and have resulted in increased capital seeking exposure to the sector.

The \$38m net valuation gain in the period highlights the significant embedded value in the Healthscope private hospital portfolio. In aggregate, HealthCo and UHF have now realised \$176m of net valuation gains since the original \$1.2bn portfolio acquisition in March 2023. The gain further reflects the resilient characteristics of healthcare property as an asset class, and strong contracted net operating income growth across the assets with over 75% of leases being CPI linked.

Following the successful first close of UHF in September 2023, we were pleased to introduce a fourth institutional investor into the fund in December, taking total equity commitments to \$650m. The establishment of the fund with major global institutional investors creates additional funding flexibility to activate HCW’s large scale development pipeline. With the Healthscope portfolio now integrated, HCW has commenced unlocking the embedded value in these high quality, infrastructure-like healthcare assets, providing a clear pathway of NTA growth over the medium term driven by underlying earnings growth and future brownfield developments.

Our \$1bn+ value accretive development pipeline underpins HCW’s long term growth outlook and builds on a strong track record of completed brownfield and greenfield projects. During the period, HCW completed the ~\$36m Springfield health hub development anchored by Mater, while the Proxima development and additional expansion projects at Knox Private Hospital and Northpark Private Hospital are on track for completion in 4Q FY24.

HCW has continued to successfully execute on the asset recycling program with \$115m⁷ sold or contracted for sale and ~\$50-70m under advanced due diligence. We have identified additional asset sales which will over time maintain gearing within the lower end of the 30-40% target range.

Finally, we are pleased to reaffirm FY24 FFO and DPU guidance of 8.0cpcu, representing 16% and 5% growth over FY23, respectively.”

For additional information please refer to the 1H FY24 financial results presentation which was also released on the ASX today.

Investor and analyst briefing teleconference call

An investor and analyst briefing teleconference call, followed by a Q&A session, will be held on **Tuesday 13 February 2024 at 10:30am (AEST)**. Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10036125-6cbs8v.html>

The following webcast link will be available: <https://webcast.openbriefing.com/hcw-hyr-2024/>

Participants will need to input their name, email address and company details to register for the webcast.

A playback of the 1H FY24 results webcast will be made available on HMC Capital’s website at www.hmccapital.com.au

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

⁷ Includes \$46m of assets which settled in 2H FY23, \$59m of assets which settled in 1H FY24, and \$10m of assets which are expected to settle in 2H FY24.

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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 \$1.6 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.