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

ASX RELEASE

18 February 2022

APPENDIX 4D AND HY22 FINANCIAL REPORT

HealthCo Healthcare and Wellness REIT (ASX: HCW) provides the attached Appendix 4D and HY22 Financial Report.

-ENDS-

For further information please contact:

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Authorised for release by the Board of the Responsible Entity

About HealthCo Healthcare & Wellness REIT

HealthCo Healthcare & Wellness REIT 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.

HealthCo Healthcare and Wellness REIT
Appendix 4D
Half-year report

1. Company details

Name of entity:	HealthCo Healthcare and Wellness REIT
ARSN:	652 057 639
Reporting period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

HealthCo Healthcare and Wellness REIT (the 'Trust') was registered by the Australian Securities and Investments Commission ('ASIC') as a managed investment scheme on 30 July 2021. The financial period presented in the financial statements is for the period 30 July 2021 to 31 December 2021 which is the notional first half-year reporting period in accordance with ASIC's decision in principle dated 15 February 2022 to grant relief applicable to HCW Funds Management Limited in its capacity as Responsible Entity of HealthCo Healthcare and Wellness REIT. The relief allows the Responsible Entity to release its half-year reports as if the period 30 July 2021 to 31 December 2021 was the first financial half-year of the Trust.

On 6 September 2021, the Trust was listed on the Australian Securities Exchange ('ASX').

This Appendix 4D should be read in conjunction with the attached directors' report and the financial statements.

	$'000
Revenues from ordinary activities	9,959
Revenue including income from rental guarantee	10,844
Profit from ordinary activities	10,768
Profit for the half-year	10,768

As there are no comparatives, change and percentage change from preceding periods are not presented.

Comments
The profit for the REIT amounted to $10,768,000.

The profit was impacted by acquisition and transaction costs of $1,655,000 associated with the ASX listing and positive revaluations of $6,758,000 (comprising positive revaluations of $23,447,000 offset by transaction costs incurred with respect to property acquisitions of $16,689,000).

Refer to the attached directors' report for detailed commentary on review of operations and financial performance.

3. Distributions

	Amount per unit Cents
Interim distribution for the year ending 30 June 2022 was declared on 17 December 2021. The distribution will be paid on 25 February 2022 to unitholders registered on 31 December 2021.	3.00

4. Net tangible assets

	31 Dec 2021 $
Net tangible assets per unit	1.94

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding Reporting period %	Contribution to profit/(loss) Reporting period $'000
The George Trust	34.3%	-
General Medical Precinct Trust	25.0%	-
Life Sciences Medical Precinct Trust	30.1%	-

Refer to note 11 of the consolidated financial statements for further details.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of HealthCo Healthcare and Wellness REIT for the half-year ended 31 December 2021 is attached.

8. Signed

As authorised by the Board of Directors

Signed

Date: 17 February 2022

Joseph Carrozzi AM
Chair

HealthCo Healthcare and Wellness REIT

ARSN 652 057 639

Interim Report - 31 December 2021

The directors of HCW Funds Management Limited (ABN 58 104 438 100, AFSL 239882) (the 'Responsible Entity'), present their report together with the financial statements of HealthCo Healthcare and Wellness REIT. The financial statements cover HealthCo Healthcare and Wellness REIT as a consolidated entity consisting of HealthCo Healthcare and Wellness REIT (the 'Trust' or 'parent entity') and the entities it controlled at the end of, or during the period ended 31 December 2021 (collectively referred to as the 'REIT' or the 'group').

HCW Funds Management Limited is ultimately owned by the ASX listed entity Home Consortium Limited (ASX: HMC).

The Trust was registered by ASIC as a managed investment scheme on 30 July 2021. On 6 September 2021, the Trust was listed on the ASX. The current period presented in the financial statements is for the period 30 July 2021 to 31 December 2021 which is the notional first half-year reporting period in accordance with ASIC's decision in principle dated 15 February 2022 to grant relief applicable to HCW Funds Management Limited in its capacity as Responsible Entity of HealthCo Healthcare and Wellness REIT. The relief allows the Responsible Entity to release its half-year reports as if the period 30 July 2021 to 31 December 2021 was the first financial half-year of the Trust.

Directors

The following persons were directors of the Responsible Entity during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Joseph Carrozzi AM - Independent Non-Executive Chair	(appointed on 1 August 2021)
Dr Chris Roberts AO - Independent Non-Executive Director	(appointed on 1 August 2021)
David Di Pilla - Director	(appointed on 28 July 2021)
Kelly O'Dwyer - Non-Executive Director	(appointed on 1 August 2021)
Natalie Meyenn - Independent Non-Executive Director	(appointed on 1 August 2021)
Stephanie Lai - Independent Non-Executive Director	(appointed on 1 August 2021)
Christopher Saxon - Director	(appointed on 28 July 2021 and resigned on 1 August 2021)
Andrew Selim - Director	(appointed on 28 July 2021 and resigned on 1 August 2021)

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia. The principal activity of the REIT is the investment in a portfolio of healthcare property assets including hospitals, aged care, childcare, government, life sciences and research, primary care and wellness property assets as well as other healthcare and wellness property adjacencies. The REIT did not have any employees during the period.

Review of operations and financial performance

The profit for the REIT amounted to $10,768,000.

As part of the establishment of the Trust, Home Consortium (ASX: HMC) transferred a portfolio of properties to the REIT and subscribed to units in the Trust in accordance with the product disclosure statement ('PDS') lodged with the ASX. HMC retained 20.0% ownership interest in the Trust on the ASX listing date.

Significant events of the REIT occurring for the period ended 31 December 2021 were consistent with those as outlined in the PDS and included the following:

- The Trust was listed on the ASX on 6 September 2021;
- The Trust raised $650.0 million of new equity by issuing 325 million units at $2.00 per unit; and
- The REIT acquired an initial portfolio comprising of 27 properties for $555.0 million which includes 4 contracted acquisitions for a fair value of $59.0 million.

The REIT subsequently announced $200.0 million of acquisitions in October 2021 with an initial outlay of $113.0 million.

A summary of the financial performance of the REIT and reconciliation between the net profit for the period and funds from operations ('FFO') of the REIT is detailed below. Financial performance represents the period from incorporation on 30 July 2021 to 31 December 2021.

Summary of financial performance

Currency: $'000 (unless specified)	**Consolidated 31 Dec 2021**
Total revenue and other income	10,844
Net profit for the period	10,768
Funds from operations ('FFO')	5,799
Weighted average units on issue (million)	325.2
FFO per unit (cents per unit)	1.78
Distribution per unit (cents per unit)	3.00

The REIT recorded total revenue and other income of $10,844,000, a net profit of $10,768,000 and FFO of $5,799,000 for the half-year ended 31 December 2021. FFO is a financial measure which is not prescribed by Australian Accounting Standards and represents the REIT's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash, unrealised or capital in nature. The directors consider FFO to represent the core earnings of the REIT.

The net profit was attributable to a fair value movement of $6,758,000 (comprising positive revaluations of $23,447,000 offset by transaction costs incurred with respect to property acquisitions of $16,689,000) and property FFO of $5,799,000 for the half-year ended 31 December 2021.

A summary of the reconciliation between the REIT's net profit and FFO for the period ended 31 December 2021 is detailed below:

Currency: $'000 (unless specified)	**Consolidated 31 Dec 2021**
Net profit for the period	10,768
Straight lining and amortisation	(856)
Acquisition and transaction costs	1,655
Rent guarantee income	417
Amortisation of borrowing costs	346
Fair value movements	(6,758)
Proxima coupon	227
FFO	5,799

Summary of financial position
A summary of the REIT’s financial position as at 31 December 2021 is outlined below.

Currency: $'000 (unless specified)	**Consolidated 31 Dec 2021**
Assets	
Investment properties	547,289
Total assets	649,023
Net assets	629,500
Net tangible assets	629,500
Number of units on issue (million)	325.2
Net tangible assets ($ per unit)	1.94

Capital management	
Debt facility limit	400,000
Drawn debt	-
Cash and undrawn debt	456,140

Property portfolio:
Investment properties increased to $547.3 million, driven by 3 property acquisitions and the purchase of the remaining 50% interest in Proxima. In addition, the REIT also recorded a fair value uplift on investment properties of $6.8 million.

Net tangible assets:
Net tangible assets ('NTA') is calculated as the total equity divided by units on issue. The REIT reported NTA of $1.94 per unit as at 31 December 2021.

Capital management:
The REIT entered into a $400.0 million senior secured syndicated debt facility at the time of the listing on the ASX. The REIT had $456.1 million in cash and undrawn debt as at 31 December 2021. The REIT has no drawn borrowings as at 31 December 2021.

Capital raising:
The Trust was established through an initial public offering ('IPO') which raised $650.0 million at $2.00 per unit in September 2021.

Distributions
Distributions declared and/or paid during the financial half-year were as follows:

31 Dec 2021	**Distribution per unit (cents)**	**Total distribution $'000**	**Ex-Distribution date**	**Record date**	**Payment date**
December 2021	3.00	9,755	30 December 2021	31 December 2021	25 February 2022

Matters subsequent to the end of the financial half-year
The impact of the COVID-19 pandemic is ongoing including the impacts from the recent omicron variant outbreaks across multiple Australian states and territories. Whilst the REIT's properties currently have no lockdown restrictions imposed, the outlook remains uncertain.

The REIT settled the acquisition of the following two childcare assets:

(i) 100% interest in Armadale (Victoria) for a purchase price of $18.48 million on 21 January 2022. This property was exchanged on 28 July 2021 and was included as a contracted acquisition in the PDS.

(ii) 100% interest in Yallambie (Victoria) for a purchase price of $5.49 million on 14 February 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the REIT's operations, the results of those operations, or the REIT's state of affairs in future financial years.

Rounding of amounts
The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Joseph Carrozzi AM	David Di Pilla
Chair	Director

17 February 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of HealthCo Healthcare & Wellness REIT (the Trust)

I declare that, to the best of my knowledge and belief, in relation to the review of HealthCo Healthcare & Wellness REIT (the Trust) for the interim period starting 30 July 2021 and ended on 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

JDavis

Jessica Davis
Partner
Sydney
17 February 2022

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	Note	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Property income	6	9,959
Other income		885
Net unrealised fair value gain	12	6,758
Expenses		
Property expenses		(1,796)
Corporate expenses		(687)
Management fees		(1,398)
Acquisition and transaction costs	7	(1,655)
Finance costs	7	(1,298)
Profit for the half-year		10,768
Other comprehensive income for the half-year		-
Total comprehensive income for the half-year		10,768
		Cents
Basic earnings per unit	22	3.31
Diluted earnings per unit	22	3.31

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

HealthCo Healthcare and Wellness REIT
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 31 Dec 2021 $'000
Assets		
Current assets		
Cash and cash equivalents	8	56,140
Trade and other receivables	9	2,626
Other assets	10	2,810
Total current assets		61,576
Non-current assets		
Other assets	10	19,702
Investments accounted for using the equity method	11	20,456
Investment property	12	547,289
Total non-current assets		587,447
Total assets		649,023
Liabilities		
Current liabilities		
Trade and other payables	13	9,768
Distributions payable	16	9,755
Total current liabilities		19,523
Total liabilities		19,523
Net assets		629,500
Equity		
Contributed equity	15	628,487
Retained profits		1,013
Total equity		629,500

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	**Contributed equity $'000**	**Retained profits $'000**	**Total equity $'000**
Balance at 30 July 2021	-	-	-
Profit for the half-year	-	10,768	10,768
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	10,768	10,768
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 15)	628,487	-	628,487
Distributions payable (note 16)	-	(9,755)	(9,755)
Balance at 31 December 2021	628,487	1,013	629,500

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

HealthCo Healthcare and Wellness REIT
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Note	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Cash flows from operating activities		
Receipts from tenants (inclusive of GST)		10,207
Payments to suppliers (inclusive of GST)		(3,719)
Interest and other finance costs paid		(729)
Net cash from operating activities		5,759
Cash flows from investing activities		
Payments for acquisition of investment property		(430,430)
Payments attributable to investment in joint ventures		(12,643)
Net cash used in investing activities		(443,073)
Cash flows from financing activities		
Proceeds from issue of units	15	520,000
Capital raising and IPO costs		(23,027)
Borrowing costs paid		(3,519)
Net cash from financing activities		493,454
Net increase in cash and cash equivalents		56,140
Cash and cash equivalents at the beginning of the financial half-year		-
Cash and cash equivalents at the end of the financial half-year		56,140

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover HealthCo Healthcare and Wellness REIT (the 'Trust') as a consolidated entity consisting of HealthCo Healthcare and Wellness REIT and the entities it controlled at the end of, or during, the half-year (collectively referred to hereafter as the 'group'). The financial statements are presented in Australian dollars, which is HealthCo Healthcare and Wellness REIT's functional and presentation currency.

HealthCo Healthcare and Wellness REIT is a listed public investment trust, incorporated and domiciled in Australia. Its registered office and principal place of business is:

19 Bay Street
Double Bay
NSW 2028

A description of the nature of the REIT's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The current period presented in the financial statements is for the period 30 July 2021 to 31 December 2021 which is the notional first half-year reporting period in accordance with ASIC's decision in principle dated 15 February 2022 to grant relief applicable to HCW Funds Management Limited in its capacity as Responsible Entity of HealthCo Healthcare and Wellness REIT. The relief allows the Responsible Entity to release its half-year reports as if the period 30 July 2021 to 31 December 2021 was the first financial half-year of the Trust. As such, there is no comparative information.

HCW Funds Management Limited (ABN 58 104 438 100) (AFSL 239882) ('Responsible Entity') is the responsible entity of the Trust.

The Responsible Entity has appointed HomeCo Property Management Pty Limited (the 'Property Manager') and HomeCo Investment Management Pty Ltd (the 'Investment Manager) to provide certain asset management, investment management, development management, leasing and property management services to the group in accordance with the Investment Management Agreement and Property Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are ultimately owned by Home Consortium Limited (ASX: HMC).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 February 2022.

Note 2. Establishment and ASX listing

The Trust was registered by ASIC as a managed investment scheme on 30 July 2021. On 6 September 2021, the Trust was listed on the Australian Securities Exchange ('ASX').

As part of the establishment of the Trust, Home Consortium Limited (ASX: HMC) transferred a portfolio of properties to the REIT and subscribed to units in the Trust in accordance with the PDS lodged with the ASX. HMC retained 20.0% ownership interest in the Trust on the ASX listing date.

As part of the listing of the Trust on the ASX:
- The Trust was listed on the ASX on 6 September 2021;
- The Trust raised $650.0 million of new equity by issuing 325 million units at $2.00 per unit;
- New equity issue above includes 65 million units for $130 million as non-cash settlement of investment property to HMC; and
- The REIT acquired an initial portfolio comprising of 27 properties for $555.0 million which includes 4 contracted acquisitions for a fair value of $59.0 million.

Note 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Note 3. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted
The REIT has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for revaluation of investment properties at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HealthCo Healthcare and Wellness REIT ('Trust' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the half-year then ended. HealthCo Healthcare and Wellness REIT and its subsidiaries together are referred to in these financial statements as the 'group' or 'REIT'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The group recognises revenue as follows:

Property rental income
Property rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

Other property income
Other property income represents direct and indirect outgoings recovered from tenants. The group recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

Note 3. Significant accounting policies (continued)

Rental guarantees
Rental guarantees relating to property income are capitalised in the statement of financial position. They are measured at fair value, equal to the net present value of expected future cash flows under the guarantee arrangements. The guarantee payments relating to the property are recorded in FFO as an adjustment to net profit over the period of the guarantee.

Income guarantees
The income guarantees relating to Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween are recognised as other income.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Leasing costs and tenant incentives

Leasing costs
Leasing costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, fees and costs of preparing and processing documentation for new leases). These costs are capitalised and amortised on a straight-line basis over the term of the lease.

Tenant incentives
Incentives such as cash, rent-free periods, lessee or lessor owned fit-outs may be provided to lessees to enter into a lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of tenant incentives is reflected in the fair value of investment properties.

Management fees and other expenses
All expenses are recognised on an accrual basis. Management fees are recognised as the services are rendered. The services relate to property and fund management roles provided by the Property Manager and Investment Manager collectively known as the Manager(s). Management fees are charged in accordance with the management fee arrangements agreed with the group.

Income tax
The Trust is intended to be treated as a 'flow-through' entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the Trust will be taxable in the hands of the unitholders on an attribution basis.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 3. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Debts that are known to be uncollectable are written off when identified.

Investment in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the group's share of the results of operations of the joint venture. Any change in other comprehensive income ('OCI') of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture. The financial statements of the joint venture are prepared using the same accounting policies and for the same reporting period as the group.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investment properties
Investment properties comprise of freehold investment properties held at fair value through profit or loss.

Freehold properties are held for long-term rental yields and capital appreciation. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties are derecognised when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected from its disposal. Gains or losses resulting from the disposal of freehold property are measured as the difference between the carrying value of the asset and disposal proceeds at the date of disposal and are recognised when control over the property has been transferred.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial half-year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 3. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Contributed capital
Units issued by the Trust are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

Earnings per unit

Basic earnings per unit
Basic earnings per unit is calculated by dividing the profit attributable to the owners of HealthCo Healthcare and Wellness REIT, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial half-year, adjusted for bonus elements in ordinary units issued during the financial half-year.

Diluted earnings per unit
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the reporting period ended 31 December 2021. The group is in the process of assessing the impact of these new or amended Accounting Standards and Interpretations.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy
The REIT is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis, the capitalisation method or the use of observable inputs that require significant adjustments based on unobservable inputs.

The fair value assessment of investment property as at 31 December 2021 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance, however the future impacts of the COVID-19 pandemic are unknown and may impact property valuations. Refer to note 17 for details of valuation techniques used.

Note 5. Operating segments

The REIT's operating segments are based on the internal reports that are reviewed and used by the Board of Directors of the Responsible Entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The directors of the Responsible Entity have determined that there is one operating segment being its Australian operations.

The CODM monitors the performance of the business on the basis of Funds from Operations (‘FFO’). FFO represents the REIT's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit or loss for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a quarterly basis.

Refer to statement of financial position for segment assets and liabilities.

Major customers
During the half-year ended 31 December 2021, approximately 21% of the REIT's external revenue was derived from rental income from one main tenant.

Note 5. Operating segments (continued)

Segment results

	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Funds from operations ('FFO')	5,799
Straight lining and amortisation	856
Acquisition and transaction costs	(1,655)
Rent guarantee income	(417)
Amortisation of borrowing costs	(346)
Fair value movements	6,758
Proxima coupon	(227)
Net profit for the period	10,768

Note 6. Property income

	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Property rental income	8,941
Other property income	1,018
Property income	9,959

Disaggregation of revenue
The revenue from leases with tenants is derived entirely within Australia and recognised on straight-line basis over the lease term.

Note 7. Expenses

	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Profit includes the following specific expenses:	
Acquisition and transaction costs:	
IPO costs	1,446
Transaction costs	209
	1,655
Finance costs	
Interest and finance charges paid/payable on borrowings	952
Amortisation of capitalised borrowing costs	346
Finance costs expensed	1,298

Note 8. Cash and cash equivalents

	Consolidated 31 Dec 2021 $'000
Current assets	
Cash at bank	56,140

Note 9. Trade and other receivables

	Consolidated 31 Dec 2021 $'000
Current assets	
Trade receivables	348
Less: Allowance for expected credit losses	(27)
	321
Other receivables	1,530
GST receivable	775
	2,626

Note 10. Other assets

	Consolidated 31 Dec 2021 $'000
Current assets	
Prepayments	88
Security deposits	467
Other current assets	2,255
	2,810
Non-current assets	
Capitalised borrowing costs	3,057
Property deposits	16,645
	19,702

Note 11. Investments accounted for using the equity method

	Consolidated 31 Dec 2021 $'000
Non-current assets	
Investment in joint venture - Camden Trusts	20,456

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current financial half-year are set out below:

Opening carrying amount	-
Additions during the period	20,456
Share of net profit after income tax for the period	-
Closing carrying amount	20,456

Interests in joint ventures
Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the REIT are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2021 %
The George Trust	Australia	34.3%
General Medical Precinct Trust	Australia	25.0%
Life Sciences Medical Precinct Trust	Australia	30.1%

Note 12. Investment property

	Consolidated 31 Dec 2021 $'000
Non-current assets	
Investment property - at fair value	547,289

Reconciliation
Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:

	Consolidated 31 Dec 2021 $'000
Opening fair value	-
Additions on settlement from Home Consortium Ltd (note 2)	480,464
Acquisitions	32,953
Straight-lining and amortisation of incentives	1,811
Capitalised expenditure (including property acquisition costs)	25,303
Net unrealised gain from fair value adjustments*	6,758
Closing fair value	547,289

* Net unrealised gain from fair value adjustments comprises transaction costs incurred with respect to property acquisitions of $16,689,000 and positive revaluations of $23,447,000.

Refer to note 17 for further information on fair value measurement.

Lease payments receivable (undiscounted)

	Consolidated 31 Dec 2021 $'000
Minimum lease commitments receivable but not recognised in the financial statements:	
1 year or less	24,591
Between 1 and 2 years	24,188
Between 2 and 3 years	24,199
Between 3 and 4 years	24,117
Between 4 and 5 years	22,872
Over 5 years	121,493
	241,460

Note 13. Trade and other payables

	Consolidated 31 Dec 2021 $'000
Current liabilities	
Trade payables	874
Rent received in advance	951
Accrued expenses	2,335
Interest payable	222
Other payables	5,386
	9,768

Note 14. Borrowings

During the period, the REIT entered into a $400.0 million debt facility expiring on 29 August 2024. The interest comprises a base rate plus a variable margin, determined by the prevailing loan to valuation ratio. The bank loans are secured by first mortgages over the REIT's freehold properties, including any classified as held for sale. The REIT has complied with the financial covenants during the financial half-year.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 31 Dec 2021 $'000
Total facilities	
Bank loans	400,000
Used at the reporting date	
Bank loans	-
Unused at the reporting date	
Bank loans	400,000

* Capitalised borrowing costs of $3,057,000 as at 31 December 2021 are included in other assets (refer note 10).

Note 15. Contributed equity

	Consolidated	
	31 Dec 2021 Units	31 Dec 2021 $'000
Ordinary class units - fully paid	325,153,613	628,487

Movements in ordinary units

Details	Date	Units	$'000
Balance	30 July 2021	10	-
Units issued to Home Consortium Developments Ltd (at $2.0 per unit)	2 September 2021	65,000,000	130,000
Units issued on initial public offering (at $2.0 per unit)	2 September 2021	260,000,000	520,000
Units issued to directors of Responsible Entity	2 September 2021	153,603	307
Transaction costs on issue of units		-	(21,820)
Balance	31 December 2021	325,153,613	628,487

All units in the Trust are of the same class and carry equal rights to capital and income distributions. The fully paid units have no par value and the Trust does not have a limited amount of authorised capital.

On a show of hands every unitholder present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

Unit buy-back
There is no current on-market unit buy-back.

Capital risk management
The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 15. Contributed equity (continued)

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The group is subject to certain covenants on its financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 16. Distributions

Distributions paid during the financial half-year were as follows:

	Period from 30 Jul 2021 to 31 Dec 2021 $'000
Interim distribution for the year ending 30 June 2022 of 3.00 cents per unit declared on 17 December 2021. The distribution will be paid on 25 February 2022 to unitholders registered on 31 December 2021.	9,755

Note 17. Fair value measurement

Fair value hierarchy
The following tables detail the REIT's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment property	-	-	547,289	547,289
Total assets	-	-	547,289	547,289

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The basis of valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The discounted cash flow method and the capitalisation method is also considered for fair value. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report.

Note 17. Fair value measurement (continued)

Level 3 assets and liabilities

Description	Unobservable inputs	Range (weighted average) 31 Dec 2021
Investment property	(i) Capitalisation rate	3.9% to 6.3% (4.9%)
	(ii) Discount rate	4.9% to 7.3% (6.0%)
	(iii) Terminal yield	4.0% to 6.5% (5.2%)
	(iv) Rental growth	2.0% to 3.0% (2.9%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher growth rate will lead to a higher fair value. The weighted average capitalisation rate is the most significant input into the valuation of investment property and therefore most sensitive to changes in valuation. A 25 basis point increase in capitalisation rate would result in a decrease in the fair value of investment property by $26.4 million and a 25 basis point decrease in capitalisation rate would result in an increase in the fair value of investment property by $29.1 million.

Note 18. Contingent liabilities

The group had no contingent liabilities as at 31 December 2021.

Note 19. Commitments

	Consolidated 31 Dec 2021 $'000
Capital commitments	
Committed at the reporting date but not recognised as liabilities:	
Property acquisitions	136,230
Capital expenditure*	107,200
	243,430

* Includes capital commitments with Camden related party of $29.2 million.

Note 20. Related party transactions

Responsible entity
HCW Funds Management Limited (ABN 58 104 438 100) ('Responsible Entity') is the responsible entity of the Trust.

Investment Manager and Property Manager
The Responsible Entity has appointed HomeCo Property Management Pty Limited (the 'Property Manager') and HomeCo Investment Management Pty Ltd (the 'Investment Manager) to provide certain asset management, investment management, development management, leasing and property management services to the group in accordance with the Investment Management Agreement and Property Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are ultimately owned by Home Consortium Limited (ASX: HMC).

Parent entity
HealthCo Healthcare and Wellness REIT is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 21.

Joint ventures
Interests in joint ventures are set out in note 11.

Note 20. Related party transactions (continued)

Transactions with related parties
Responsible Entity fees:
Under the constitution, the Responsible Entity is entitled to be paid a fee equal to 1.0% per annum (plus GST) of the gross asset value (GAV) but will not be paid this fee whilst the Managers are receiving the fees under the Management Agreements. The fee will be calculated on a pro-rata basis for any part period. The Responsible Entity will also be reimbursed for all expenses incurred, including those in connection with the establishment, promotion and operation of the Trust, in properly performing its duties.

The following fees are payable under the Investment Management Agreement:
- The Investment Manager is entitled to receive a base management fee of 0.65% per annum of GAV of the group up to $1.5 billion, and 0.55% per annum of the GAV in excess of $1.5 billion. The management fee is payable monthly in arrears.
- Acquisition fees of 1.00% of the purchase price of any assets directly or indirectly acquired by the group in proportion to the group's economic interest in the assets.
- Disposal fees of 0.50% of the sale price of any assets directly or indirectly disposed by the group in proportion to the group's economic interest in the assets.
- The Investment Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services, including all taxes and amounts it pays to third parties for which it is also separately indemnified subject to the terms of the Investment Management Agreement.

The following fees are payable under the Property Management Agreement:
- Property management fees of 3.0% of gross income for each property for each month.
- New tenant lease fees of 15.0% of the face rent for the first year of the lease term where the tenant is new to the property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the group).
- Lease renewal fee of 7.5% of the face rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the property (any costs associated with an external party to assist with leasing is payable directly by the Property Manager and will not be an additional cost to the group).
- Lease administration and design fees charge on a cost recovery basis, unless payable by the tenant.
- Development management fee of 5.0% of the development costs in relation to the first $2.5 million of the project costs of each project and 3.0% of the development costs thereafter.
- The Property Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services subject to the terms of the Property Management Agreement.

Following is a summary of fees paid to the Responsible Entity:

Type of fee	Method of fee calculation	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $
Base management fees	0.65% per annum of GAV up to $1.5 billion 0.55% per annum of GAV thereafter	1,398,300
Property management fees	3.0% of gross property income	318,116
Leasing fees	15.0% on new leases 7.5% of year 1 gross income on renewals	209,295
Development management fees	5.0% of project spend up to $2.5 million 3.0% of project spend thereafter	430,191
Acquisition fees	1.0% purchase price	233,834
Reimbursement of Responsible Entity for payment of directors' fees	Cost recovery	361,447

Note 20. Related party transactions (continued)

The following transactions occurred with related parties:

	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $
Payment for goods and services:	
Payments to Home Consortium Developments Limited and Home Consortium Limited*	12,460,961
Payments to Home Consortium Developments Limited (Proxima)**	5,000,000
Other transactions:	
Home Consortium Limited unit acquisition on IPO	130,000,000
Interest income from Home Consortium Developments Limited (rental guarantee)	1,302,417
Development related capital expenditure paid to joint venture (Camden)	5,152,342

* Payments represent reimbursement of property acquisition deposits, capital expenditure and IPO transaction costs incurred during the establishment of the REIT.

** Purchase of the remaining units of the trust post PDS.

Refer to note 2 for transactions with Home Consortium Limited including units issued on the establishment of the REIT.

Refer to page 1 of the directors' report for the listing of the directors of the responsible entity, who are deemed related parties.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 31 Dec 2021 $
Current receivables:	
Other receivables from Home Consortium Developments Limited	1,306,914
Current payables:	
Trade and other payables to the Responsible Entity	57,847
Trade and other payables to the Investment Manager and Property Manager	1,561,907
Distribution payable to Home Consortium Limited	1,950,000

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 31 Dec 2021 $
Current receivables:	
Loan receivable from joint venture (Camden Trust)	219,797

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2021 %
HomeCo (Armadale) Property Trust	Australia	100%
HomeCo (Concord) Property Trust	Australia	100%
HCW (Bundoora) Property Trust	Australia	100%
HCW (Clyde North) Property Trust	Australia	100%
HCW (Donnybrook) Property Trust	Australia	100%
HCW (Forest Hill) Property Trust	Australia	100%
HCW (Junction Village) Property Trust	Australia	100%
HCW (Mitcham) Property Trust	Australia	100%
HCW (Reservoir) Property Trust	Australia	100%
HCW (Sunshine) Property Trust	Australia	100%
HCW (View B) Property Trust	Australia	100%
HomeCo (Avondale Heights) Property Trust	Australia	100%
HomeCo (Ballarat) Property Trust	Australia	100%
HomeCo (Beaconsfield) Property Trust	Australia	100%
HomeCo (Boronia) Property Trust	Australia	100%
HomeCo (Bulleen) Property Trust	Australia	100%
HomeCo (Cairns) Property Trust	Australia	100%
HomeCo (Chadstone) Property Trust	Australia	100%
HomeCo (Chirnside Park) Property Trust	Australia	100%
HomeCo (Croydon) Property Trust	Australia	100%
HomeCo (Erina) Property Trust	Australia	100%
HomeCo (Essendon) Property Trust	Australia	100%
HomeCo (Everton Park) Property Trust	Australia	100%
HomeCo (Five Dock) Property Trust	Australia	100%
HomeCo (Frankston) Property Trust	Australia	100%
HomeCo (GC Bundaberg) Property Trust	Australia	100%
HomeCo (GC Chermside) Property Trust	Australia	100%
HomeCo (GC Nambour) Property Trust	Australia	100%
HomeCo (GC Ringwood) Property Trust	Australia	100%
HomeCo (GC Shepparton) Property Trust	Australia	100%
HomeCo (GC Southport) Property Trust	Australia	100%
HomeCo (GC Urraween SSR) Property Trust	Australia	100%
HomeCo (GC Urraween UC) Property Trust	Australia	100%
HomeCo (GC Wembley Salvado) Property Trust	Australia	100%
HomeCo (GC Wembley) Property Trust	Australia	100%
HomeCo (Glen Huntly) Property Trust	Australia	100%
HomeCo (Greystanes) Property Trust	Australia	100%
HomeCo (Hawthorn East)Development Trust	Australia	100%
HomeCo (HCW First) Property Trust	Australia	100%
HomeCo (HCW Second) Property Trust	Australia	100%
HomeCo (HCW Third) Property Trust	Australia	100%
HomeCo (Maylands) Property Trust	Australia	100%
HomeCo (Melton) Property Trust	Australia	100%
HomeCo (Morayfield HH) Property Trust	Australia	100%
HomeCo (Nunawading) Property Trust	Australia	100%
HomeCo (Ormond) Property Trust	Australia	100%
HomeCo (Rouse Hill) Property Trust	Australia	100%
HomeCo (Seaford) Property Trust	Australia	100%

Note 21. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2021 %
HomeCo (Southport) Property Trust	Australia	100%
HomeCo (Springfield) Property Trust	Australia	100%
HomeCo (St Marys) Property Trust	Australia	100%
HomeCo (Tarneit) Property Trust	Australia	100%
HomeCo (Woolloongabba) Property Trust	Australia	100%
HomeCo (Yallambie) Property Trust	Australia	100%
HomeCo HCW Finance Pty Ltd	Australia	100%

Note 22. Earnings per unit

	Consolidated Period from 30 Jul 2021 to 31 Dec 2021 $'000
Profit	10,768
	Number
Weighted average number of units used in calculating basic earnings per unit	325,153,613
Weighted average number of ordinary units used in calculating diluted earnings per unit	325,153,613
	Cents
Basic earnings per unit	3.31
Diluted earnings per unit	3.31

The weighted average number of units is calculated effective from the date of allotment of units and completion of the listing process on 6 September 2021.

Note 23. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing including the impacts from the recent omicron variant outbreaks across multiple Australian states and territories. Whilst the REIT's properties currently have no lockdown restrictions imposed, the outlook remains uncertain.

The REIT settled the acquisition of the following two childcare assets:

(i) 100% interest in Armadale (Victoria) for a purchase price of $18.48 million on 21 January 2022. This property was exchanged on 28 July 2021 and was included as a contracted acquisition in the PDS.

(ii) 100% interest in Yallambie (Victoria) for a purchase price of $5.49 million on 14 February 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the REIT's operations, the results of those operations, or the REIT's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the REIT's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Joseph Carrozzi AM
Chair

David Di Pilla
Director

17 February 2022

Independent Auditor's Review Report

To the unitholders of HealthCo Healthcare & Wellness REIT

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of HealthCo Healthcare & Wellness REIT (the Trust).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of HealthCo Healthcare & Wellness REIT does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises HealthCo Healthcare & Wellness REIT (the Trust) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the period starting 30 July 2021 and ended on 31 December 2021.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Trust are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

JDavis

Jessica Davis
Partner

Sydney

17 February 2022

Directors	Joseph Carrozzi AM Dr Chris Roberts AO David Di Pilla Kelly O'Dwyer Natalie Meyenn Stephanie Lai
Responsible Entity	HCW Funds Management Limited 19 Bay Street Double Bay NSW 2028
Company secretary	Andrew Selim
Registered office and Principal place of business	19 Bay Street Double Bay NSW 2028
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474
Auditor	KPMG Australia Pty Limited Level 38, Tower 3 International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	HealthCo Healthcare and Wellness REIT units are listed on the Australian Securities Exchange (ASX code: HCW)