



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

ASX RELEASE

7 June 2022

HEALTHCO HEALTHCARE AND WELLNESS REIT RECORDS 4% NET VALUATION GAIN

Key highlights

- June 2022 preliminary unaudited net valuation gain of \$25m, a 4.1% increase on December 2021 representing 8cpu of NTA uplift
- Portfolio occupancy of 99% maintained with strong leasing momentum at Ballarat & Springfield Health Hubs
- Unadjusted cash rent collection of 100% since IPO
- \$140m active development pipeline is progressing on schedule and on budget
- Reaffirmed FY22 FFO guidance of 5.0cpu
- Dividend of 2.25cpu for the quarter ended 30 June 2022 declared

HCW Senior Portfolio Manager Sam Morris, said: *“HealthCo continues to deliver against its core objective to provide investors with stable and growing income from a diversified healthcare portfolio underpinned by favourable long-term megatrends.*

“We have continued to unlock the significant embedded value in our portfolio and development pipeline where we can generate attractive total returns. HealthCo has the potential to significantly grow its net operating income over the medium-term through the successful delivery of its committed development pipeline, the previously announced acquisitions and increased occupancy across the portfolio.”

HCW Chief Financial Officer Christian Soberg said: *“The preliminary unaudited valuation result provides strong validation for HealthCo’s high quality and well-located portfolio which is benefitting from strong investor appetite for the healthcare sector and healthcare tenant demand. The portfolio continues to perform with 100% unadjusted cash rent collection since listing. Finally, we reaffirm our FY22 FFO per unit guidance of 5.0 cents.”*

JUNE 2022 PRELIMINARY UNAUDITED PORTFOLIO VALUATION

Net valuation gain of +4.1%

In accordance with the stated valuation policy of HealthCo Healthcare and Wellness REIT (ASX: HCW) (**HealthCo**), preliminary unaudited valuations for all 27 owned properties in the portfolio have been completed. This comprised 13 independent valuations representing 48% of the properties by number with the remaining 14 properties completed by internal valuation.

The preliminary unaudited portfolio valuation, which remains subject to year-end audit, has increased by \$47m million (+7.8%) to \$647 million (from 31 December 2021 to 30 June 2022). Net of capital expenditure incurred during the period of \$22 million, this represents a net valuation increase of \$25 million (+4.1%).

Preliminary unaudited portfolio valuation	Independent valuations (\$m)	Internal valuation (\$m)	Total (\$m) ¹	Portfolio WACR %
# of properties	13	14	27	
31 December 2021 valuation	379	221	600	5.11%
Capital expenditure ²	6	16	22	
Net valuation increase	25	-	25	
30 June 2022 valuation	410	237	647	4.94%
Gross increase	+8.2%	+7.2%	+7.8%	
Net increase	+6.5%	+0.1%	+4.1%	

ACQUISITIONS

- Settlement of the previously announced \$108m portfolio acquisition of 13 newly developed metro-located childcare centres continues to progress.
 - As at 3 June 2022, 4 centres have settled with a further 2 on-track to complete by the end of FY22. The remaining 7 centres are scheduled to settle in FY23.
 - The capitalisation rate of 5.0% for HCW's recent childcare acquisitions compares favourably to market observed pricing for metro-located assets on long term leases with national tenants.



Seaford Childcare, VIC

¹ Excluding contracted acquisitions of \$100m. Includes 31 December 2021 Investment property balance of \$547.3m, equity-accounted investments of \$20.5m (Camden) and settled acquisitions in H2 FY22.

² Balances to 30 June 2022 are unaudited and subject to change. Excludes adjustments relating to straight lining and capitalised management fees.

DEVELOPMENT UPDATE

Camden Stage 1 – The George Private Hospital (NSW)

- The George will be a new 78³ bed private hospital, operated by Acurio Healthcare Group, specialising in paediatrics and maternity to address the unique needs of young families in the Camden catchment.
- The development of The George, under a fixed price D&C contract, is on schedule and on track for completion in early CY23.
- The project is on track to achieve its target ROIC in excess of 5%.



The George Private Hospital, NSW

Springfield (QLD)

- Pre-commitments at HealthCo's integrated health hub at Springfield have increased to 99%⁴ and construction is well advanced.
- The pre-commitments have supported a material independent valuation increase of \$10.8m.

³ 57 overnight beds and 21 day beds

⁴ Including signed MOUs.



Springfield Health Hub, QLD

Proxima (QLD)

- The Proxima health hub development in the emerging Gold Coast Health and Knowledge precinct is well progressed, and broadly in line with the estimated completion date of mid CY2023.
- Pre-commitments exceed 65%, including from the Queensland Government, Griffith University, Sanctuary Early Learning, Mater Pathology and Queensland's first privately owned integrated Cancer Imaging and Therapy Clinic (CITC).



Proxima Health Hub, QLD

Ballarat (VIC)

- Occupancy at HealthCo's integrated health hub in Ballarat has increased to 99%⁵, an increase from 85% occupancy as reported in the H1 FY22 announcement.
- The occupancy increase has supported a independent valuation increase of \$6.3m.

⁵ Including signed MOUs.



Ballarat Health Hub, VIC

NEW DEVELOPMENTS – CAMDEN STAGE 2 (NSW)

- HealthCo is developing an integrated Health and Innovation Precinct in Camden. Camden is one of Australia's fastest growing LGAs, with the Precinct being developed to provide much needed integrated health care infrastructure to Sydney's south west growth corridor.
- Stage 2 of the Precinct is a general private hospital to complement The George. Discussions with leading national hospital operators are ongoing and detailed planning and design for stage 2 is progressing well.



Camden Integrated Health Precinct, NSW (render)

JUNE 2022 DISTRIBUTION DECLARATION

HCW Funds Management Limited as Responsible Entity of HCW has declared the quarterly distribution for the period 1 April 2022 to 30 June 2022 of 2.25 cents per unit.

The distribution is consistent with the forecast FY22 annualised distribution yield provided in the Product Disclosure Statement for HCW dated 2 August 2021.

A Distribution Reinvestment Plan (DRP) is in place and activated for this quarter with no discount.

The key dates and details for the June 2022 distribution are:

Event	Date
Distribution amount	2.25 cents per unit
Ex-distribution date	29 June 2022
Record date	30 June 2022
Last date to elect to participate in DRP	1 July 2022
Payment date and despatch of statements	On or about 22 August 2022
VWAP Period	4 July 2022 to 8 July 2022
DRP Price Announcement	11 July 2022
Discount	Nil

Authorised for release by the Board of the Responsible Entity.

For further information please contact:

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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.