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HCW Funds Management Limited
(ACN 104 438 100; AFSL 239882)
as responsible entity of the HealthCo Healthcare and Wellness REIT (ARSN 652 057 639)

ASX RELEASE

15 November 2022

HEALTHCO ANNOUNCES STRATEGIC PARTNERSHIP WITH MATER AND ACQUISITIONS

Key highlights

- A new strategic partnership with leading not-for-profit private hospital operator Mater Misericordiae Ltd (“Mater”), beginning with co-ownership and anchor tenancy at the Springfield Health Hub.
- Acquisition of a recently developed fully-let Health Hub on the Sunshine Coast, QLD for \$28.9m at a 6.5% fully-let initial yield.
- Acquisition of HMC Capital’s (ASX: HMC) interest in Camden Stage 1 with the project now significantly de-risked and nearing completion.
- FY23 FFO per unit and DPU guidance of 6.8 cents and 7.5 cents reaffirmed¹.

Mater Strategic Partnership

HealthCo Healthcare & Wellness REIT (ASX: HCW) today announces a strategic partnership with Mater, one of Queensland’s largest not-for-profit private hospital operators.

- Mater has entered into a 10-year lease with further options as anchor tenant for 4,150sqm at HealthCo’s Springfield Health Hub.
- Mater will also acquire a 20% interest in the asset.
- This tenancy completes the successful redevelopment of Springfield Health Hub with occupancy subsequently increasing to 99%².
- Mater and HealthCo to explore additional healthcare services initiatives and development opportunities.

Vitality Village Health Hub Acquisition

HealthCo has agreed to acquire Vitality Village Health Hub on the Sunshine Coast, Queensland.

- Vitality Village is a recently developed health hub prominently located in the heart of Sunshine Coast Health & Medical Precinct and adjacent to the Sunshine Coast Public and Private hospitals.
- The acquisition price of \$28.9m was secured on a 6.5% fully-let initial yield.
- The asset is 100% occupied and comprises high quality healthcare and wellness tenants with high exposure to CPI-linked leases³.

¹ Based on average BBSY of 2.7% over the financial year consistent with FY22 Investor Presentation.

² Lease commencing in April 2023.

³ 94% current occupancy with 12-month rental guarantee. Lease escalations are 93% CPI-linked with the remainder fixed.

Acquisition of HMC Capital's interest in Camden Stage 1

HealthCo intends to exercise its call option to acquire HMC Capital's interest in Camden Stage 1 "The George" Private Hospital for \$32.7m.

- The acquisition price represents a 5% discount to the independent valuation as at September 2022 and is expected to settle in November 2022.⁴
- The intention to exercise HealthCo's option re-iterates its long-term commitment to the Camden Health and Innovation Precinct.
- Stage 1 of the development is now significantly de-risked with the majority of works to be completed by the end of CY22 and practical completion by February 2023.
- Continuing to progress discussions with potential anchor tenants for stages 2 & 3 and capital partners.

HCW Fund Manager, Sam Morris said: *"We are pleased to announce an exciting new strategic partnership with Mater, beginning with the anchor tenancy at our Springfield Health Hub which complements their existing and expanding hospital operations in Springfield. The lease completes the successful redevelopment of HealthCo Springfield into a high-quality health hub in one of Australia's fastest growing catchments. Following the finalisation of the lease at Springfield, we are excited to explore additional opportunities for joint healthcare service initiatives and developments that align with our strategic ambitions.*

The acquisition of Vitality Village further increases the scale and diversification of HCW's portfolio. This newly developed health hub is strategically located in a core healthcare precinct, where the catchment will benefit from ongoing significant population growth and infrastructure investment.

Finally, "The George" Private Hospital development is on-track to complete in 1Q 2023. The acquisition of HMC's interest will further increase our exposure to this high quality and critical health infrastructure asset and further underlines the strong alignment between HCW and HMC Capital as manager."

HCW Chair, Joseph Carrozzi said: *"We are pleased to announce acquisitions which increase the quality, scale and diversification of the portfolio. These transactions as a package demonstrate management's ability to source attractive acquisitions for HealthCo in the current inflationary environment."*

Outlook

The combined transactions announced today are accretive to FFO per unit. Management continues to assess appropriate capital management strategies and recently put in place interest rate hedging arrangements. As such, HealthCo reaffirms FY23 FFO per unit and DPU guidance of 6.8 cents and 7.5 cents respectively.¹

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

⁴ Acquisition price is net of \$10.7m of HMC's share of remaining contractually committed capital expenditure.

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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.

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 are also forward-looking statements. 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.

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This announcement is also subject to the same disclaimer as appears in the Investor Presentation with any necessary contextual changes.



HealthCo acquisition and trading update

15th November 2022

AUSTRALIA'S LEADING DIVERSIFIED HEALTHCARE REIT



Springfield Health Hub

Mater's anchor tenancy completes the successful redevelopment of Springfield Health Hub with occupancy increasing to 99%

Mater strategic partnership and anchor tenancy at Springfield Health Hub

- Springfield Health Hub is a ~11,000 sqm health hub located 26km south-west of the Brisbane CBD in one of the fastest growing areas of Australia
- Mater, one of Queensland's largest private not for profit hospital operators, has entered into a 10-year lease (with options) for 4,150 sqm at Springfield Health Hub for use as an education facility, specialist suites and allied health services which will complement their service offering at Mater Private Hospital Springfield
- Completes the successful redevelopment of Springfield with occupancy increasing to 99%
- Mater will acquire a 20% interest in the property
- The anchor tenancy forms part of a strategic partnership between Mater and HealthCo to explore additional Healthcare services initiatives and development opportunities





Vitality Village

Acquisition of a recently developed health hub in the heart of the Sunshine Coast Health and Medical Precinct, adjacent to the Sunshine Coast Public and Private hospitals

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| Description | <ul style="list-style-type: none">Health Hub prominently located in the heart of Sunshine Coast Health & Medical Precinct, adjacent to the Sunshine Coast Public and Private hospitals |
| Purchase price | <ul style="list-style-type: none">\$28.9 million |
| Occupancy | <ul style="list-style-type: none">100%¹ |
| Key tenants | <ul style="list-style-type: none">Comlink Australia, Silverchain and Healthcare Australia |
| WALE | <ul style="list-style-type: none">4.4 years |
| NLA | <ul style="list-style-type: none">4,636 sqm |
| Rental escalations | <ul style="list-style-type: none">CPI – 93% of NOI with remainder fixed |
| Fully-Let Yield | <ul style="list-style-type: none">6.50% |



Notes 1. 94% current occupancy with 12-month rental guarantee.

Camden – “The George” Private Hospital

Acquisition of HMC’s interest in “The George” for \$32.7m consolidates HCW’s ownership of the hospital



The development of the George Private Hospital is on budget and on track for completion by the end of February 2023