



The George Private Hospital, Camden (NSW)



# HealthCo REIT

## 1H FY23 Results Presentation

17 February 2023



## Acknowledgement of Country

HealthCo acknowledges the Traditional Custodians of country throughout Australia and celebrates their diverse culture and connections to land, sea and community.

We pay our respect to their Elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



*Journey Tracks to Sacred Sites*  
Tony Sorby (2021)  
© the artist courtesy Kate Owen Gallery





# Agenda

1. Highlights
2. Portfolio overview
3. Investments
4. Developments
5. Financial results
6. Guidance and outlook

## Presenters



**Sam Morris**  
*Senior Portfolio Manager*



**Christian Soberg**  
*Chief Financial Officer*



**Andrew Dodds**  
*Corporate Finance and Investor  
Relations Manager*







Eden Park Drive, Macquarie Park (NSW)



# 1. Highlights

AUSTRALIA'S LEADING DIVERSIFIED HEALTHCARE REIT





# 1H FY23 highlights

Period of significant investment, strong operational performance and the formation of strategic partnerships with leading health and life sciences tenants

OPERATIONS	GROWTH	FINANCIAL
<b>100%</b> <b>CASH RENT COLLECTION</b> Consistent since IPO	<b>~\$177m</b> <b>ACQUISITIONS FY23 YTD<sup>2</sup></b> \$81m accretive Macquarie Park life sciences acquisition announced today <b>Total AUM – \$0.9bn<sup>2</sup></b>	<b>3.1 cpu</b> <b>1H FY23 FFO per unit</b> +9% vs. 1HFY22 on annualised basis
<b>99%</b> <b>OCCUPANCY</b> In-line with Jun-22	<b>~\$500m</b> <b>DEVELOPMENT PIPELINE<sup>3</sup></b> Expected to be developed alongside strategic capital partners	<b>\$2.00</b> <b>NTA PER UNIT</b> Portfolio valuations underpinned by income growth
<b>10 year WALE</b> <b>HIGH QUALITY AND SECURE INCOME</b> 4.0% WARR <sup>1</sup>	<b>STRATEGIC PARTNERSHIP</b> Co-ownership & anchor tenancy at the Springfield Health Hub with Mater	<b>15.5%</b> <b>GEARING</b> Below 30-40% target range \$276m available liquidity

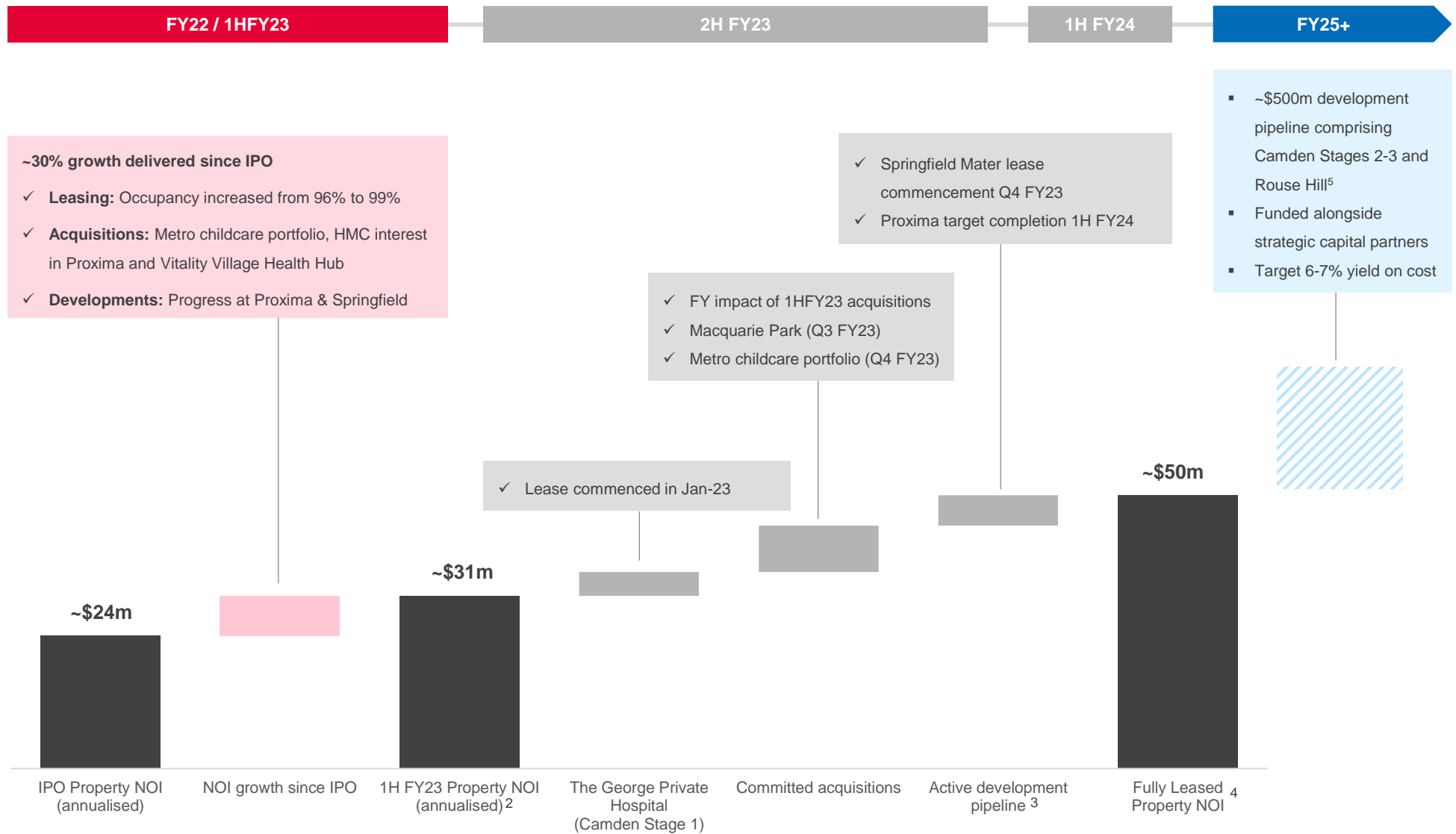
Notes: 1. Blended WARR assumes 6.1% CPI escalation across 32% and 3.0% fixed escalations across 68% of the portfolio. 2. Includes the acquisition of Eden Park Drive, Macquarie Park. 3. Based on 100% share.





# Embedded growth within HealthCo's portfolio

HealthCo is well progressed on unlocking the significant embedded NOI growth<sup>1</sup> potential within its portfolio across leasing, contracted acquisitions and developments



Notes: 1. Indicative only and does not represent a forecast. 2. Includes rental guarantee at Morayfield. 3. Property NOI from signed leases commencing in 2H FY23. 4. Assumes 100% occupancy. Includes rental guarantee for Proxima. 5. Total development cost for 100% of the developments.





Vitality Village Health Hub, Sunshine Coast (QLD)



## 2. Portfolio overview





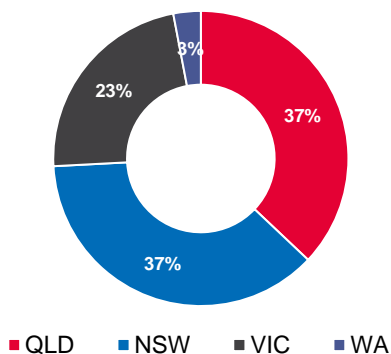
# Portfolio update

HealthCo has continued to grow its high quality and diversified healthcare portfolio

## Portfolio statistics<sup>1</sup>

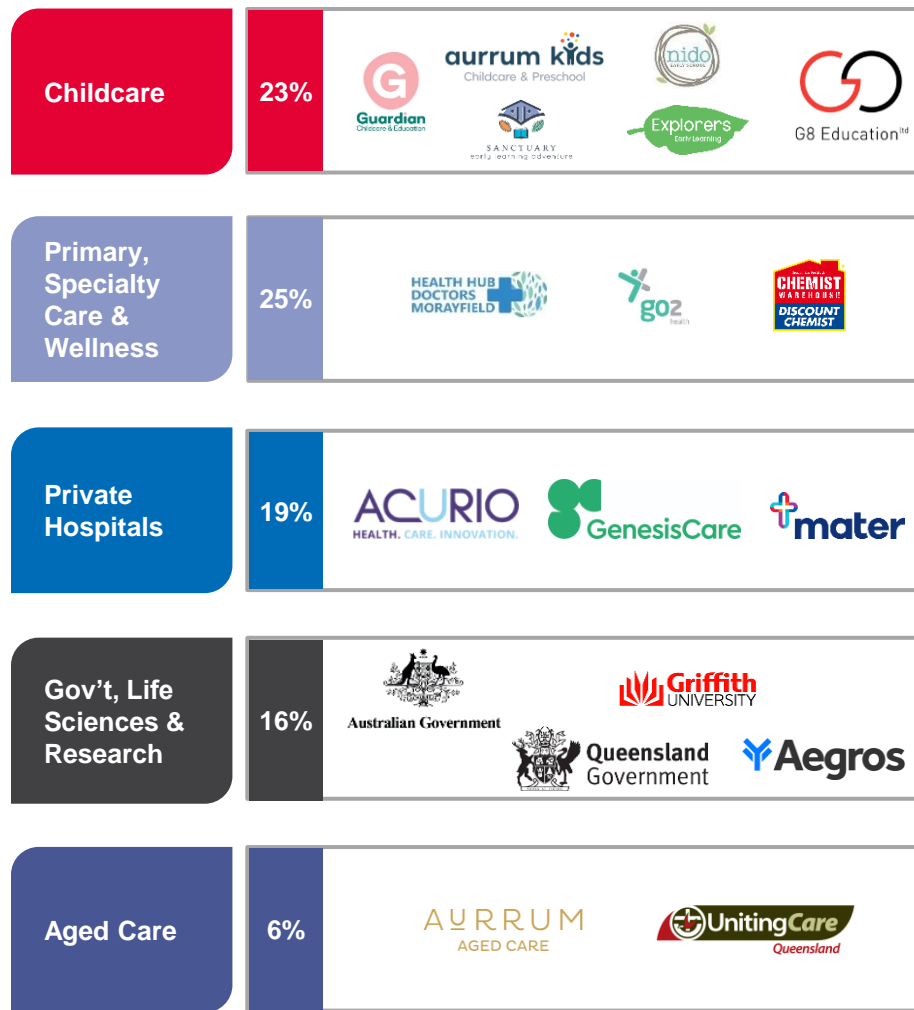
	Jun-22 <sup>1</sup>	Dec-22 <sup>1</sup>	Movement
Number of properties	39	40	+1
Portfolio valuation	\$722m	\$894m	+\$172m
WACR <sup>2</sup>	4.89%	5.00%	+11bps
WARR <sup>3</sup>	3.5%	4.0%	+50bps
WALE <sup>4</sup>	10 years	10 years	-
Occupancy <sup>5</sup>	99%	99%	-
Rent collection <sup>6</sup>	100%	100%	-

## Geographic split (by value)<sup>1</sup>



Long term target geographic exposure based on state GDP contribution

## Portfolio subsectors – income split and key tenants<sup>1,4,7</sup>



Notes: 1. Includes pending acquisitions (Metro Childcare Portfolio and Macquarie Park), Camden Stages 2 & 3 and excludes assets held for sale. 2. Weighted Average Capitalisation Rate excludes Camden Stages 2-3. 3. Weighted Average Rent Review by gross income. Includes CPI-linked escalations set over 1H23. 4. Blended Weighted Average Lease Expiry by gross income. Includes signed leases and MoUs across all operating and development assets. 7. 5. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets. 6. Jun-22 rent collection for period since 31-Dec-21 to 30-Jun-22. 7. Income from 'Other' subsectors of 11%.



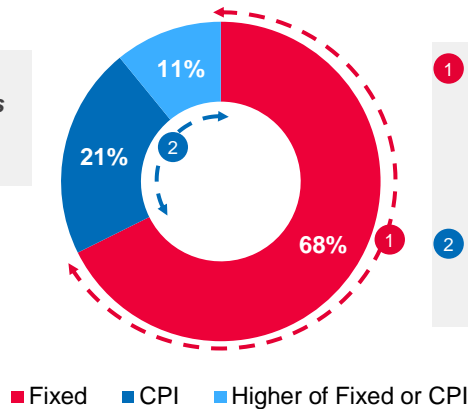


# Key portfolio statistics

Long term leases to high quality operators with contracted rental growth

## Rent composition<sup>1</sup>

Contracted rental escalations across 100% of the Portfolio

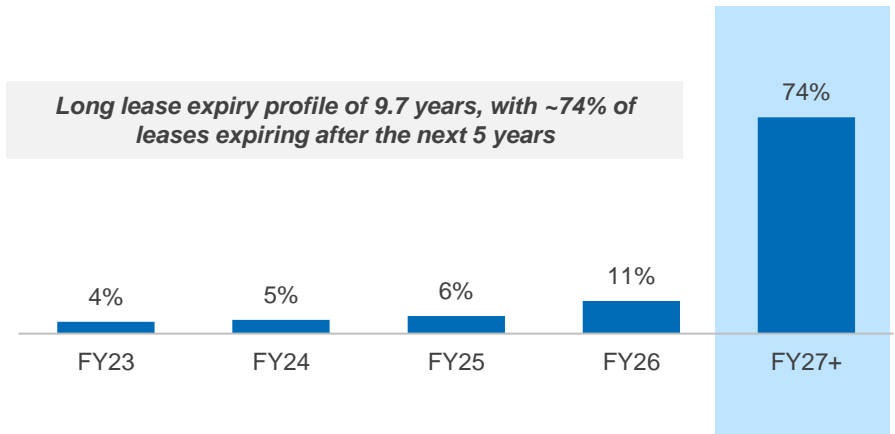


1 68% of portfolio with 3.0% WARR contracted growth

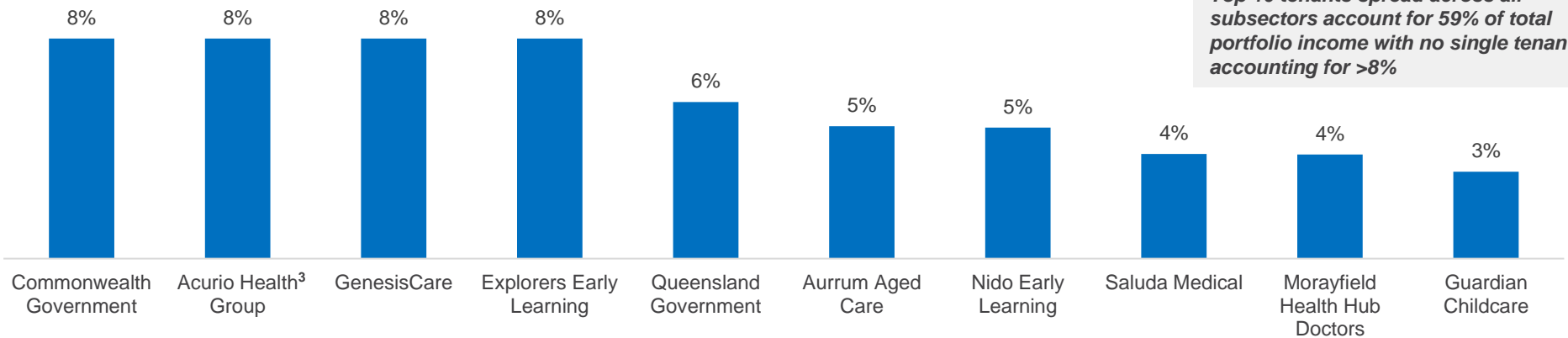
2 32% of leases have CPI-linked escalations

## Lease expiry profile<sup>1, 2</sup>

Long lease expiry profile of 9.7 years, with ~74% of leases expiring after the next 5 years



## Top 10 tenants<sup>1, 2</sup>



Top 10 tenants spread across all subsectors account for 59% of total portfolio income with no single tenant accounting for >8%

Notes: 1. By gross income. Includes signed leases and MoUs across all operating and development assets. Includes pending and committed acquisitions (Metro Childcare Portfolio and Macquarie Park). 2. Values may not add due to rounding. 3. Annualised gross income post completion of Camden Stage 1 in Q1 CY23; Call option over HMC Capital's interest in Camden Stage 1 was exercised in Nov-22 and subsequently settled in Dec-22.





# Sustainability at HealthCo

HealthCo is serving Australian communities by facilitating access to essential health and wellbeing services that deliver a positive social impact

## FY23 ESG<sup>1</sup> progress

  
**Environmental**  
*Green Future  
 Climate Action*

- Progressing toward Net Zero by 2028
  - Implementation of the Smart Energy Management Strategy (EMS), where we have operational control, including Ballarat, Cairns and Morayfield.
  - Solar PV installed on three sites (Morayfield, Cairns and Ballarat) and commencing rollout on The George, Camden
  - 63% LED lighting conversion achieved, with ongoing roll-out plans committed
  - 5.5 Star NABERS Energy and 6 Star NABERS Water rating achieved on eligible sites

  
**Social**  
*Connection  
 Respect*

- Ensuring responsible investment practices and advancing positive social impact through considered selection of assets, operators and services delivered
- HealthCo has targeted our social needs program to support youth under 18 years of age

  
**Governance**  
*Alignment  
 Accountability*

- 50% Gender diversity target achieved for the HealthCo Board, ahead of FY25 target
- Clear and transparent governance processes established for HealthCo
- ESG KPIs established for leadership team
- Responsible investment Due Diligence standards adopted for all acquisitions

Our inaugural Sustainability Report details **six** sustainability commitments towards

### "Creating Healthy Communities"



Notes: 1. Refer to <https://www.hmccapital.com.au/our-commitment/> for further information about HMC Capital's ESG strategy and commitments.



Springfield Health Hub, Springfield (QLD)




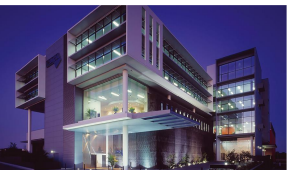




## 3. Investments



# Acquisitions and strategic partnerships

\$177m of acquisitions within key healthcare and life sciences precincts

Asset	Description	\$m	Comments
 <p>Settled Nov-22</p>	<p><b>Vitality Village Health Hub (QLD)</b></p> <ul style="list-style-type: none"> <li>Recently developed health hub prominently located in the heart of Sunshine Coast Health &amp; Medical Precinct and adjacent to the Sunshine Coast Public and Private hospitals</li> </ul>	\$28.9m	<ul style="list-style-type: none"> <li>Acquisition terms               <ul style="list-style-type: none"> <li>100% occupancy</li> <li>6.5% fully-let yield yield</li> <li>4.4 year WALE provides scope for asset repositioning over time</li> </ul> </li> <li>The asset comprises high quality healthcare and wellness tenants with high exposure to CPI-linked leases</li> </ul>
 <p>Settled Dec-22</p>	<p><b>The George Private Hospital (NSW)</b> (HMC Capital's share of Camden Stage 1)</p> <ul style="list-style-type: none"> <li>78<sup>2</sup> bed private hospital operated by Acurio, specialising in paediatrics and maternity, within the Camden Health and Innovation Precinct</li> </ul>	\$32.7m <sup>1</sup>	<ul style="list-style-type: none"> <li>Acquisition terms               <ul style="list-style-type: none"> <li>HealthCo exercised its call option to acquire HMC Capital's interest</li> <li>The acquisition price represents a 5% discount to the independent valuation as at September 2022, which underlines the strong strategic alignment between HealthCo and HMC Capital</li> </ul> </li> <li>The transaction re-iterates HealthCo's long-term commitment to the Camden Health and Innovation Precinct.</li> </ul>
 <p>Settled Dec-22</p>	<p><b>Springfield Health Hub (QLD)</b></p> <ul style="list-style-type: none"> <li>11,000 sqm health hub located 26km south-west of the Brisbane CBD and 15km south-east of Ipswich CBD</li> </ul>	n/a	<ul style="list-style-type: none"> <li><b>Strategic partnership</b> <ul style="list-style-type: none"> <li>HealthCo entered into a strategic partnership with Mater Misericordiae, a leading not-for-profit private hospital operator, to explore healthcare services initiatives and development opportunities</li> <li>As part of the partnership Mater became the anchor tenant at Springfield and acquired a 20% stake in the Springfield Health Hub</li> </ul> </li> </ul>
 <p>Settlement expected 3Q FY23</p>	<p><b>Eden Park Drive, Macquarie Park (NSW)</b></p> <ul style="list-style-type: none"> <li>Modern life sciences and medical research hub located within the Macquarie Park Precinct, 17kms northwest of Sydney CBD</li> </ul>	\$80.75m	<ul style="list-style-type: none"> <li>Acquisition terms               <ul style="list-style-type: none"> <li>100% occupancy</li> <li>&gt; 6.0% yield</li> <li>3.6 year WALE provides scope for asset repositioning over time</li> </ul> </li> <li><b>Strategic partnership</b> <ul style="list-style-type: none"> <li>As part of the transaction, HealthCo and Aegros have established a strategic partnership to review life sciences development opportunities across Australia</li> </ul> </li> </ul>
	<p><b>Metro Childcare portfolio (VIC)</b></p> <ul style="list-style-type: none"> <li>High quality portfolio of 13 newly constructed metropolitan childcare Centres</li> </ul>	\$26.2m	<ul style="list-style-type: none"> <li>Avondale (Nido), Chadstone (Nido) and Frankston (Explorers) settled during 1H FY23</li> <li>The remaining 4 centres are expected to settle during 2H FY23 (~\$30m)</li> </ul>
	<p><b>GenesisCare Urraween (QLD)</b></p> <ul style="list-style-type: none"> <li>Radiation oncology clinic co-located with St Stephen's Private Hospital and Hervey Bay Hospital</li> </ul>	\$8.8m	<ul style="list-style-type: none"> <li>A purpose-built radiation oncology clinic, which was completed in 2018. Co-located with UnitingCare QLD's St Stephen's private hospital</li> <li>Represents final acquisition of the GenesisCare portfolio, noting we did not proceed with the acquisition of GenesisCare Bundaberg.</li> </ul>



Notes: 1. HMC Capital's share of Camden Stage 1. 2. 57 inpatient bed and 21 day spaces.



# Strategic partnership with Mater at Springfield Health Hub


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


## Strategic partnership and anchor tenancy

- Mater is a leading not-for-profit private hospital operator
- Mater will utilise the 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 and the future 174 bed Mater Public Hospital, expected to open in 2024
- Mater has also pre-committed to HealthCo’s development at Proxima

## Springfield Health Hub

- Located in Greater Ipswich, one of Australia’s fastest growing regions
- Complimentary health and wellness tenants including Doctors & Co, Guardian Childcare & Education and EMF Performance and Recovery Centre
- 99% pre-commitments have supported valuation increase of ~\$8m
- Mater’s 20% interest creates strategic alignment with HealthCo

20%	Interest acquired by 	10-yr lease	New 10-year lease (with options) for 4,150sqm
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 26km SW Brisbane CBD	Strategically located in one the fastest growing areas of Australia	11,000 sqm	Total Health Hub NLA
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Mater’s anchor tenancy forms part of a strategic partnership to explore additional Healthcare services initiatives and development opportunities

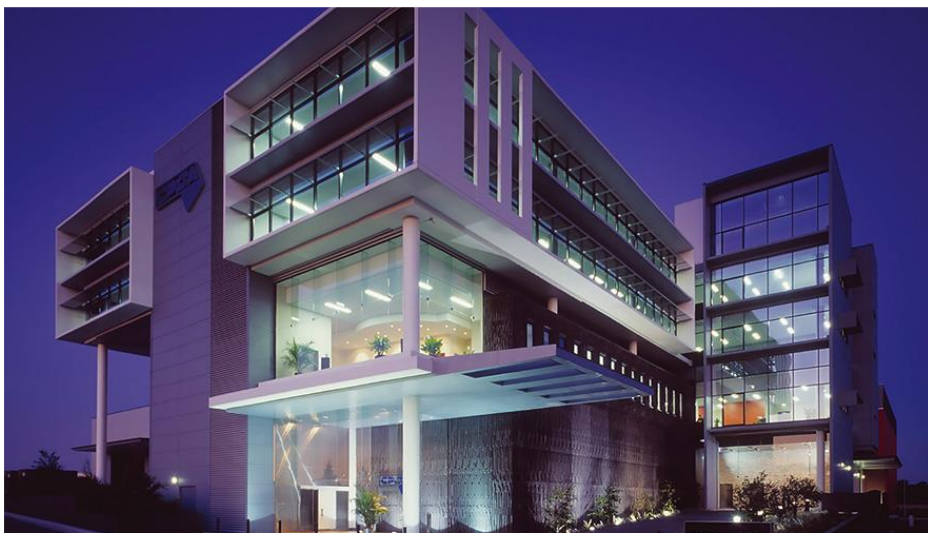




# Macquarie Park life sciences acquisition and strategic partnership

HCW's first life sciences acquisition of scale in a desirable & established innovation precinct in metropolitan Sydney

## 5 Eden Park Drive, Macquarie Park overview



<b>Description</b>	<ul style="list-style-type: none"> <li>Diversified life sciences property located in the Macquarie Park innovation precinct</li> <li>Anchored by Saluda Medical and Aegros, a plasma processing company             <ul style="list-style-type: none"> <li>&gt;70% of NLA exposed to life sciences</li> </ul> </li> <li>Significant land holding with future repositioning upside</li> <li>Ability to capture premium market rents from potential remixing to in-demand laboratory and clean rooms</li> <li>Mar-2023 expected settlement</li> </ul>
<b>Acquisition Price</b>	<ul style="list-style-type: none"> <li>\$80.8m</li> </ul>
<b>Yield<sup>1</sup></b>	<ul style="list-style-type: none"> <li>6% +</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>100%</li> </ul>
<b>NLA</b>	<ul style="list-style-type: none"> <li>11,556sqm</li> </ul>
<b>WALE</b>	<ul style="list-style-type: none"> <li>3.6 years</li> </ul>

## HealthCo Life Sciences strategy and Aegros partnership

<b>HealthCo Life Sciences strategy</b>	<ul style="list-style-type: none"> <li>✓ Life Sciences real estate is a highly desirable asset class             <ul style="list-style-type: none"> <li>– Requires specialist real estate and generally co-located in precincts with universities and healthcare facilities</li> <li>– Typically results in longer lease terms, higher rents and reduced levels of rental downtime</li> <li>– Growth in the sector is linked to healthcare and R&amp;D expenditure</li> </ul> </li> <li>✓ <b>HealthCo aims to be the partner of choice in the Australian life sciences real estate sector</b></li> </ul>
<b>About Aegros</b>	<ul style="list-style-type: none"> <li>▪ Emerging Australian plasma processing company, whose proprietary HaemFrac® plasma fractionation technology can materially reduce production costs and substantially increase the yield compared with larger biotech companies</li> </ul>
<b>Aegros partnership rationale</b>	<ul style="list-style-type: none"> <li>✓ Agreed a non-binding MoU to explore sale &amp; leaseback real estate opportunities, including:             <ul style="list-style-type: none"> <li>– Their expansion at Macquarie Park, and</li> <li>– A new \$400m+ fractionation plant in QLD, which the Queensland State Government has committed to support</li> </ul> </li> </ul>



Aegros' proposed HaemaFrac® fractionation facility which will be developed at the Springfield BioPark

Notes: 1. Includes rental guarantee





The George Private Hospital, Camden (NSW)



## 4. Developments

AUSTRALIA'S LEADING DIVERSIFIED HEALTHCARE REIT





# Developments overview

Continued progress unlocking the value accretive \$500m+ development pipeline

Project	Planning approval	Pre-commitments <sup>1</sup>	Completion	Investment	Target returns
<b>Current developments</b>					
<b>The George Private Hospital (NSW)</b> <ul style="list-style-type: none"> <li>78 bed private hospital, specialising in paediatrics and maternity, operated by Acurio</li> </ul>	✓	100%	Acurio lease commenced in January 2023	\$80m <sup>3</sup>	Delivered on time and on budget (5% yield on cost)
<b>Springfield (QLD)</b> <ul style="list-style-type: none"> <li>Diversified health hub anchored by Mater</li> </ul>	✓	99%	Mater lease commencement from Q4 FY23	\$36m (~\$3m remaining)	>6% yield on cost
<b>Proxima Southport (QLD)</b> <ul style="list-style-type: none"> <li>Fund-through health hub in the Gold Coast Health and Knowledge precinct</li> </ul>	✓	65% <sup>2</sup>	Q2 FY24	~\$70m (\$54m remaining)	5.65% yield on cost
<b>Precinct development pipeline (uncommitted)</b>					
<b>Camden – Stage 2 (NSW)</b> <ul style="list-style-type: none"> <li>Significant private hospital</li> </ul>	✓ SSDA	In discussions with leading national hospital operators and cancer care operators for the co-located Comprehensive Cancer Centre	Targeted activation in CY24	Estimate ~ \$250m <sup>4,5</sup>	6-7% yield on cost
<b>Camden – Stage 3 (NSW)</b> <ul style="list-style-type: none"> <li>Health research facility</li> </ul>	✓ SSDA	Planning in progress	Targeted activation in CY24	Estimate ~ \$90m <sup>4,5</sup>	6-7% yield on cost
<b>Rouse Hill (NSW)</b> <ul style="list-style-type: none"> <li>Expanded health hub to include hospital development opposite new public hospital development</li> </ul>	Pending	n/a	Targeted activation in CY26	Planning in progress	6-7% yield on cost
<b>Total</b>				<b>&gt;\$500m</b>	

Notes: 1. Pre-commitments includes signed leases, signed MOU's and issued MOU's. 2. 1 year rental guarantee in place. 3. \$10m remaining as at Dec-22. 4. On a 100% basis. 5. Subject to pre-commitment.

# The George Private Hospital (Camden Stage 1)

Completed on-time and on-budget with lease commencement in Jan-23

## The George Private Hospital, Camden (NSW)



### Hospital overview

- Modern mixed-use 78<sup>1</sup> bed facility providing paediatric, maternity and day surgery services
- 5 operating theatres, 2 endoscopy suites, 4 state-of-the-art birthing suites
- 100% leased Acurio Healthcare Group, who operate a number of hospitals, clinics and research centres located across Sydney
- 15-year triple net initial lease term with 3 x 15-year options

### Hospital operations

- First procedures and births are booked for June 2023
- Admissions have been staged during the operational ramp up phase and are fully allocated, highlighting the catchment's pre-existing undersupply in healthcare infrastructure

## Development case study key stats



**\$80m**  
total cost



**~5%**  
ROIC



**\$10m**  
development profit<sup>2</sup>



**15 year triple net lease**  
with 3 x 15 year options



**CPI**  
Annual rent review



**2H FY2023**  
opening





# The George Private Hospital (Camden Stage 1)

HealthCo has successfully developed a new greenfield hospital in Australia's fastest growing LGA



Recovery area



Operating theatre



Outdoor recreation area



Nurses station - ward

# Camden Precinct update

HealthCo is creating a \$500m+ Health & Innovation Precinct in Camden to support the growing need for critical health infrastructure

**The George**  
*78' bed private hospital specialising in paediatrics and maternity*

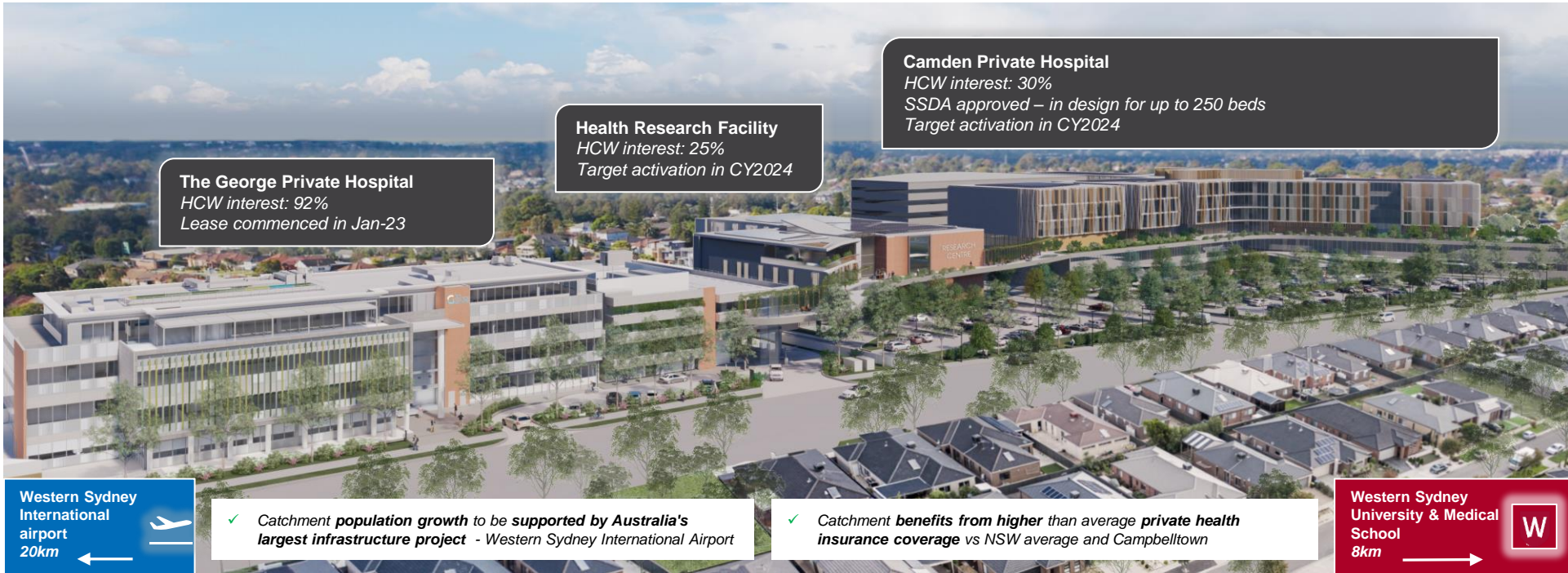
HCW has partnered with Acurio Healthcare Group to provide maternity, paediatric health, day surgical and wellbeing services

**Health Research Facility**  
*~10,000sqm facility built to house clinical trials (including a phase 1 unit) and translational research to complement both hospitals*

HCW has received EOI's from a numbers of healthcare providers and medial research organisations

**Camden Private Hospital**  
*Up to 250 bed general medical and surgical hospital, with co-located comprehensive cancer centre*

HCW is in discussions with a number of leading national hospital operators as well as leading cancer care operators for the co-located Comprehensive Cancer Centre



Notes: 1. 57 inpatient beds and 21 day spaces.





# Proxima

Health hub in the Gold Coast Health and Knowledge precinct - construction and leasing activity expected to accelerate over coming months

## Proxima development update



<b>Description</b>	<ul style="list-style-type: none"> <li>Fund through development situated within the Gold Coast Health and Knowledge precinct</li> <li>200-place childcare facility</li> <li>142 on-site car park spaces</li> <li>5 Star NABERS Energy commitment</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>\$80m (fixed price D&amp;C contract)</li> </ul>
<b>Yield</b>	<ul style="list-style-type: none"> <li>5.65%</li> </ul>
<b>Development update</b>	<ul style="list-style-type: none"> <li>Forecast completion date Q4 CY2023</li> <li>Seeking to add additional dedicated laboratory space for other research organisations</li> </ul>
<b>Leasing status</b>	<ul style="list-style-type: none"> <li>65% pre-committed with 1-year rental guarantee                             <ul style="list-style-type: none"> <li>Leasing activity expected to accelerate with construction works now well under way</li> </ul> </li> <li>Pre-commitments include Mater, Queensland Health and Griffith University</li> </ul>
<b>Coupon payment</b>	<ul style="list-style-type: none"> <li>HCW receives 5.65% p.a. on land and incremental capex</li> </ul>

## Gold Coast Health and Knowledge Precinct overview



- The Gold Coast Health and Knowledge Precinct is a 200ha health and innovation hub
- Lumina is the Precinct's 9.5ha commercial cluster dedicated to life sciences, health and technology-related businesses
- The project is part of the QLD government's \$5.7bn investment in its Biomedical 10-year Roadmap and Action Plan which will deliver critical health, education and transport infrastructure

<b>Superior connectivity</b>	Co-located with Gold Coast University Hospital and Gold Coast Private Hospital	50-minute drive from Brisbane CBD
	8 minutes to/from Southport CBD on the G:link light rail	Direct domestic and international airport access, with public transport links





Aurrum Aged Care, Erina (NSW)



## 5. Financial results





# Earnings summary

1H FY23 FFO of 3.1 cpu

\$m	1H FY22	1H FY23
<b>Income</b>		
Property income	10.8	18.4
Interest income	-	0.1
Property expenses	(1.8)	(3.6)
Management fees	(1.4)	(2.4)
Corporate expenses	(0.7)	(1.2)
<b>Operating EBITDA</b>	<b>7.0</b>	<b>11.3</b>
Net unrealised fair value gain/(loss) - investment properties and derivatives <sup>1</sup>	6.8	(6.4)
Acquisition and transaction costs	(1.7)	(0.6)
<b>EBITDA</b>	<b>12.1</b>	<b>4.3</b>
Finance costs	(1.3)	(2.8)
<b>Statutory profit</b>	<b>10.8</b>	<b>1.5</b>
<b>Adjustments for FFO</b>		
- Straight lining and amortisation	(0.9)	(0.7)
- Acquisition and transaction costs	1.7	0.6
- Rent guarantee income	0.4	1.2
- Amortisation of borrowing costs	0.3	0.6
- Fair value movements	(6.8)	6.4
- Proxima Coupon	0.2	0.5
<b>FFO</b>	<b>5.8</b>	<b>10.0</b>
Units on issue (weighted avg) (m)	325.2	325.6
<b>FFO per unit (cents)</b>	<b>1.8</b>	<b>3.1</b>
<b>Distribution per unit (cents)</b>	<b>3.00</b>	<b>3.75</b>

## FFO

- 1H FY23 FFO of 3.1 cpu which represents +9% growth vs 1H FY22 on an annualised basis
  - The result was underpinned by strong operating performance (100% rent collection and 99% trading occupancy at the end of the period) and positive contributions from accretive acquisitions

## Distribution

- 1H FY23 distribution of 3.75 cpu in line with guidance
- A Distribution Reinvestment Plan was made available to unitholders for the September 2022 and December 2022 quarterly distributions at nil discount

Notes: 1. Includes \$5m of stamp duty and other acquisition costs in 1H FY23.



# Balance sheet

NTA of \$2.00 per unit in line with June 2022, with property valuations underpinned by income growth

\$m	Jun-22	Dec-22
Cash and cash equivalents	2.7	4.3
Trade and other receivables	2.1	3.5
Other asset	15.9	9.3
Assets held for sale <sup>1</sup>	35.3	-
Investment properties <sup>2</sup>	609.0	770.6
Investment in Associate	28.6	11.6
Derivative Financial Instruments	-	0.0
<b>Total assets</b>	<b>693.6</b>	<b>799.4</b>
Trade and other payables	9.9	14.9
Distribution payable	7.3	6.1
Borrowings	22.3	125.8
Lease Liabilities <sup>2</sup>	0.0	2.8
<b>Total liabilities</b>	<b>39.5</b>	<b>149.6</b>
<b>Net assets</b>	<b>654.1</b>	<b>649.7</b>
Contributed equity	628.9	629.1
Retained profits	25.2	14.6
Non-controlling interests	-	6.1
<b>Total equity</b>	<b>654.1</b>	<b>649.7</b>
Gearing <sup>3</sup>	3.2%	15.5%
Units on issue (m)	325.4	325.6
<b>NTA per unit (\$)</b>	<b>2.01</b>	<b>2.00</b>

## NTA

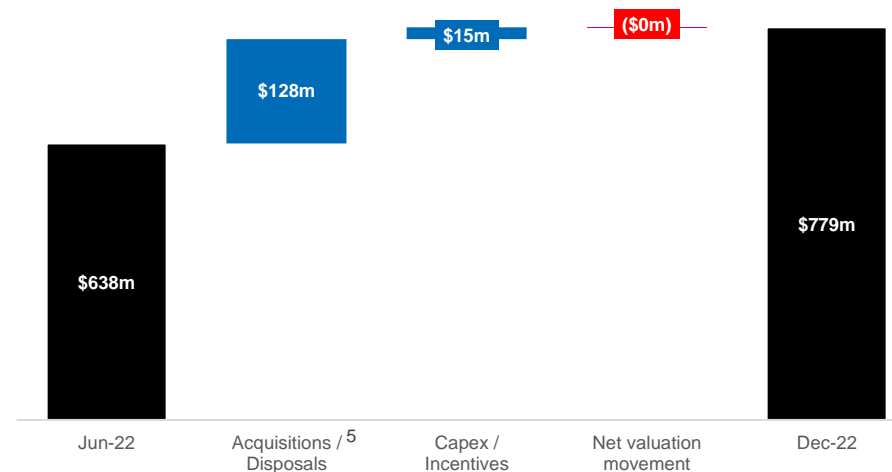
- NTA of \$2.00 per unit in line with June 2022

## Investment properties

- Investment properties of \$779m as at 31 December 2022<sup>4</sup> with an average portfolio cap rate of 4.98%

## Valuation

- Portfolio valuation maintained on a net basis compared to 30 June 2022



Notes: 1. Sale of St Marys settled in Sep-22. 2. Investment properties includes value of Right Of Use Asset (ROUA) for GenesisCare Urraween at \$2.8m and excludes HealthCo's interests in Camden Stages 2 and 3 (\$11.6m). 3. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total Assets less Cash and cash equivalents. 4. Includes HealthCo's interests in Camden Stages 2 and 3 (\$11.6m), adjusted for lease liabilities of \$2.8m re: GC Urraween. 5. Acquisitions include Vitality Village, 3 childcare centres, GenesisCare Urraween and HMC Capital's interest in Camden Stage 1 (and consolidation impact thereof). Disposal relates to Mater's acquisition of a 20% interest in Springfield.





# Capital management

Well capitalised to pursue future growth opportunities

\$m	Jun-22	Dec-22
<b>Senior secured facility summary</b>		
Limit	400.0	400.0
Drawn	25.0	127.9
<b>Liquidity</b>		
Senior facility undrawn	375.0	272.1
Cash at bank	2.7	4.3
<b>Total liquidity</b>	<b>377.7</b>	<b>276.4</b>
<b>Key debt metrics</b>		
<b>Gearing<sup>1</sup></b>	<b>3.2%</b>	<b>15.5%</b>
% of debt hedged	-	27.4%
Weighted avg. debt cost (% p.a.) <sup>2</sup>	3.6%	5.2%
ICR	8.0x	6.1x

## Liquidity

- Strong liquidity position of \$276m as at 31 December 2022

## Debt facility

- HealthCo entered into a \$400 million, 3 year senior secured syndicated debt facility at the time of the IPO
- HealthCo is compliant with all financial covenants and gearing is well below our target range of 30-40%

## Hedging

- During the half-year, HealthCo entered into a 2-year interest rate swap contract to hedge against interest rate fluctuations<sup>3</sup>



Morayfield Health Hub (QLD)



## 6. Guidance and outlook





## FY23 Guidance

HealthCo is pleased to upgrade FY23 FFO guidance by 4% to 7.1cpu and reaffirm DPU guidance of 7.5 cents

**7.1 cents**

**FY23 FFO/unit**

*+15% growth on FY22<sup>1</sup>*

**7.5 cents**

**FY23 DPU**

**HealthCo is on track for the distribution to be FFO covered in 2H FY23<sup>1</sup>**

### Key growth drivers in 2H FY23:

- Organic NOI growth driven by rental escalations (WARR: 4%<sup>2</sup>) and lease-up
- Accretive acquisitions including run-rate impact of 1H FY23 acquisitions and forecast settlement of Macquarie Park in Q3 FY23
- Development completions including Camden Stage 1 rent commencement from Jan-23 and Mater anchor tenancy at Springfield from Apr-23

### Outlook

- Upgrade FY23 FFO/unit guidance by 4% to 7.1 cents
- Guidance captures the increased cost of funding (2H FY23 average BBSY assumption of 3.5%)
- HealthCo expects FFO coverage of the 7.5 cents distribution in 2H FY23<sup>1</sup> following the commencement of Mater's anchor tenancy at Springfield

# Key messages

Attractive sector & portfolio fundamentals underpin compelling long-term growth opportunity

## COMPELLING FUNDAMENTALS



- **Attractive demographic fundamentals** underpin long-term demand for healthcare services and new real estate infrastructure
- **Healthcare demand** is not correlated to business/economic cycles
- **Highly fragmented** sector in terms of real estate ownership with a large proportion of assets sitting on tenant and government balance sheets

## SECURE INCOME GROWTH



- **17% NOI and 9% FFO growth** vs 1H FY22<sup>1</sup>
- **100% rent collections and 99% occupancy**
- **Embedded rental growth**
  - **4.0% blended WARR** - 68% of income contracted under fixed escalation leases (avg. 3.0%) with remaining 32% of income indexed to CPI
- **Sourcing value accretive acquisitions**
  - Vitality Village Health Hub (QLD) & life sciences acquisition in Macquarie Park

## VALUE ADD DEVELOPMENT PIPELINE



- **Value accretive >\$500m pipeline<sup>2</sup>** will transform portfolio scale and quality
- **The George maternity and paediatric hospital** development completed on-time and on-budget
- **New strategic partnerships** with Mater and Aegros to support future growth opportunities
- **Large scale healthcare development pipeline** for both HCW and the proposed unlisted institutional healthcare and life sciences development fund

**HealthCo remains well capitalised to take advantage of compelling investment opportunities which are emerging**





Explorers Early Learning, Tarneit (VIC)



## Appendix - Supplementary information

AUSTRALIA'S LEADING DIVERSIFIED HEALTHCARE REIT



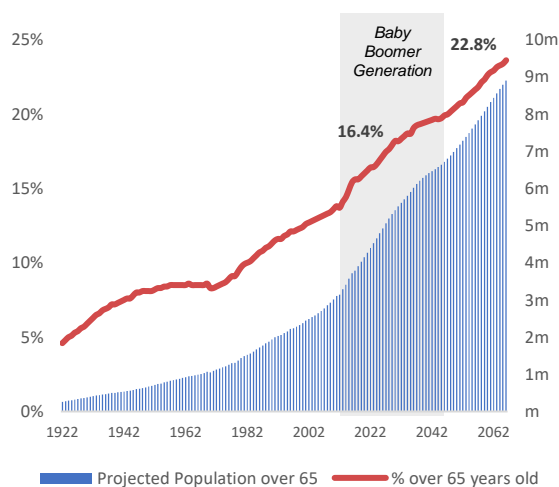


# Healthcare sector real estate opportunity

Healthcare real estate provides attractive risk adjusted returns underpinned by attractive megatrends which support long-term demand for healthcare services

## Powerful megatrends

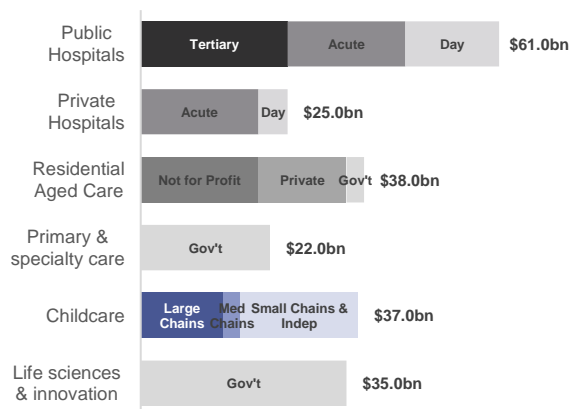
Percentage of population aged 65+



- Medical advancements are driving greater life expectancy and health spending per capita
- Australia's population is ageing rapidly, with the number of people aged over 65 doubling and over 85 tripling over the next 40 years<sup>1</sup>
- The > 65 cohort spend c. 3-5x more on healthcare compared to the under 65 cohort<sup>2</sup>

## Scalable market opportunity

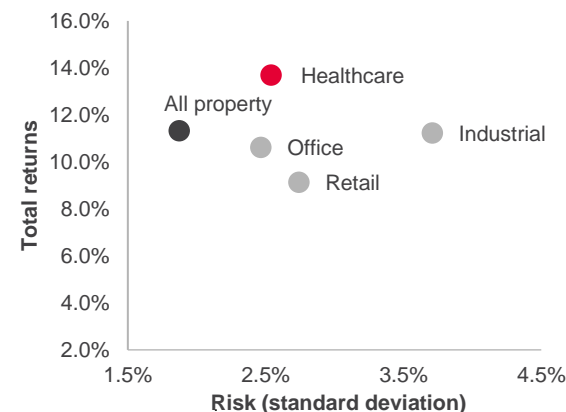
Installed healthcare infrastructure (\$bn)



- Large addressable market opportunity with over \$218bn of healthcare real estate in Australia<sup>3</sup>
- \$87bn of additional healthcare infrastructure required to meet demand over next 20 years<sup>3</sup> representing +39% growth
- Over \$200bn of total healthcare expenditure in 2019-20 representing over 10% of total GDP<sup>2</sup>

## Attractive investment characteristics

Total property returns (15 year ending Dec-21)<sup>4</sup>



- Defensive and non-cyclical demand drivers for most healthcare services
- Long-term double or triple net leases with fixed or CPI-linked escalations
- Track record of strong relative total returns with below average volatility





# Portfolio investment strategy and outlook

Diversified healthcare investment strategy enables HCW to tailor its investment approach based on current market fundamentals and pricing dynamics

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## Sector commentary and investment strategy

### Childcare

- Strong demand fundamentals supported by increasing female workforce participation and additional federal govt. assistance from 1 July 2023
- Continue to see high level of deal flow but remain focused on metro-located centres with national operators and development opportunities

### Primary, Specialty Care & Wellness

- Preference for larger multi-disciplinary larger Health Hubs or strategic precincts over small standalone medical centres
- Announced strategic partnership with Mater to explore new value add development opportunities
- Further development upside potential at Ballarat and Springfield Health Hubs

### Private Hospitals

- Major hospital operators are reporting a gradual improvement in the post Covid-19 operating environment
- Seeking to grow exposure by acquiring core assets & development in partnership with the proposed unlisted healthcare & life sciences fund

### Gov't, Life Sciences & Research

- Shortage of fit-for-purpose life sciences and research facilities in Australia
- Looking to grow exposure by forming partnerships with quality operators (e.g Aegros at Macquarie Park) as well as securing strategic sites for future developments in partnership with the proposed unlisted healthcare & life sciences fund

### Aged Care

- Sector continues to face adverse operating fundamentals driven by i) funding model challenges, ii) ageing property stock that does not meet the need of residents and iii) workforce shortages.
- Disciplined asset and tenant selection process with HCW focused on metro-located fit for purpose assets with tier 1 operators



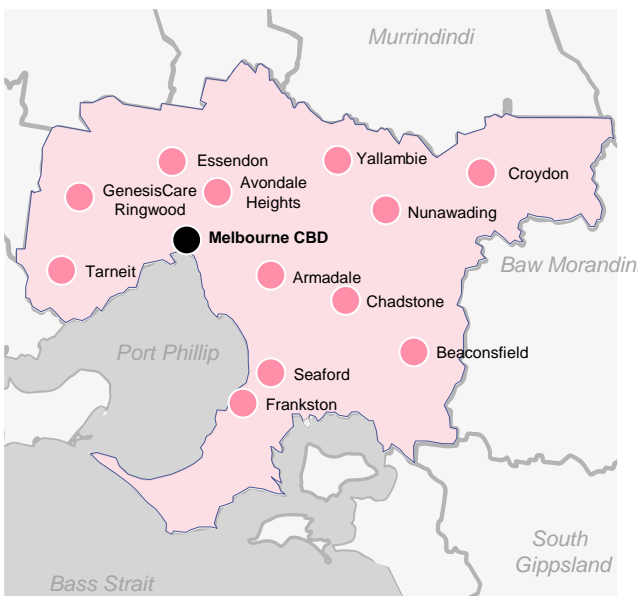
# Investments in Australia's growth corridors

A key part of HealthCo's strategy is to pursue accretive acquisitions and developments in Australia's leading metropolitan markets and growth corridors

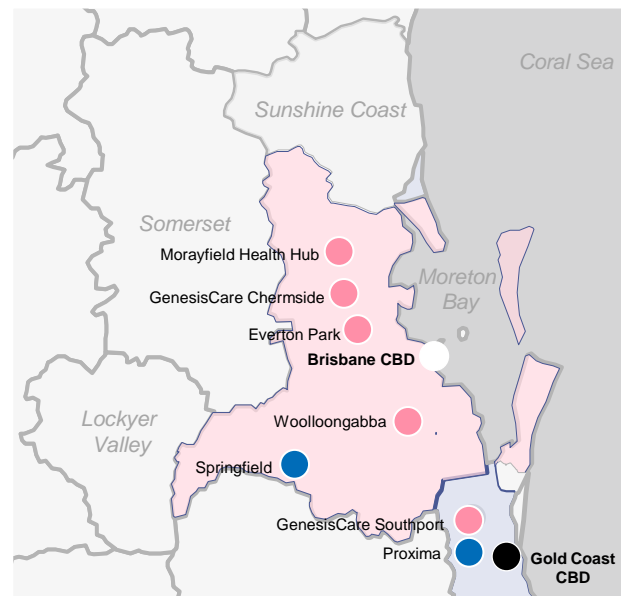
## Sydney



## Melbourne



## Brisbane & Gold Coast



● Operating assets ● Developments

**\$206m**  
Total value<sup>1</sup>

**27%**  
of total portfolio<sup>1,2</sup>

**\$173m**  
Total value<sup>1</sup>

**22%**  
of total portfolio<sup>1,2</sup>

**\$331m**  
Total value<sup>1</sup>

**34%**  
of total portfolio<sup>1,2</sup>

**HCW expects high-quality, well-located metro assets to outperform**

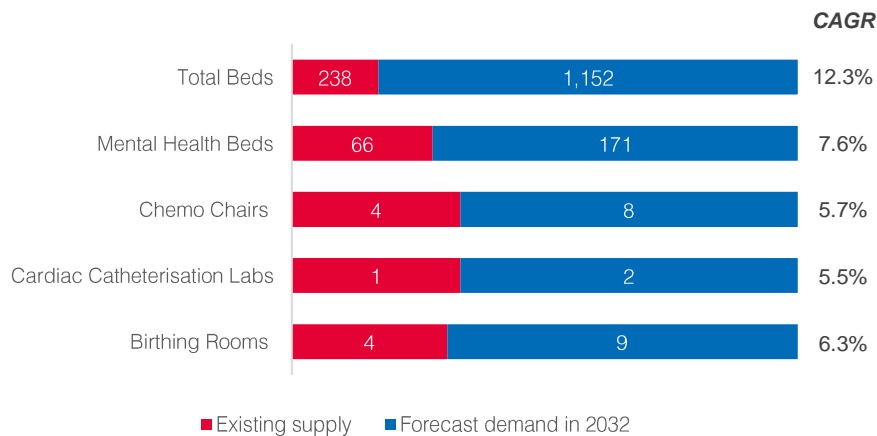
Notes: 1. Calculated by fair value of properties as at 31-Dec-22. 2. Percentage of total group portfolio.



# Camden catchment overview

Fundamentals supported by structural megatrends and a pre-existing undersupply in healthcare infrastructure

## Existing private health infrastructure vs 2032 demand<sup>1</sup>



### High and immediate demand for new private hospitals

- ✓ >700 private hospital bed deficit in the catchment, which is expected to grow to 1,240 by 2030
- ✓ 0.29 Current private hospital beds per 1,000 people in catchment areas is significantly lower than the NSW average of 1.18 beds<sup>3,4</sup>
- ✓ Zero DA approved private hospitals in South-West Sydney (excluding 'The George')

### Rapidly growing and ageing population

- ✓ The South-West Sydney Local Health District population is projected to grow to >1 million by 2031 (and more than 1.3m by 2041), of which >450,000 will live within a 15-minute drive from the Precinct
- ✓ Number of persons aged >65 set to increase by 74% by 2031<sup>3</sup>
- ✓ Number of persons aged >85 set to increase by 92% by 2031<sup>3</sup>

### High private health insurance coverage

- ✓ Camden is an area which benefits from higher than average private health insurance coverage (62%) vs NSW average (51%) and surrounding LGAs (~30%)<sup>3</sup>

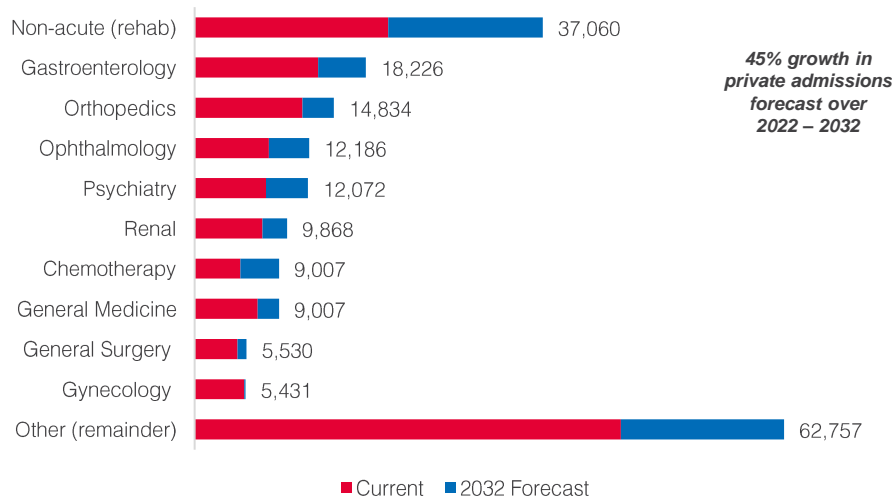
### Sustained residential development

- ✓ Currently 180,000 people and 65,000 dwellings are situated within a 15 minute drive of the Precinct<sup>4</sup>
- ✓ Camden dwellings are expected to increase by ~2,350 houses p.a., reaching 85,000 in 2041<sup>5</sup>

### Major infrastructure project spending in surrounding areas

- ✓ Catchment population growth to be supported by Australia's largest infrastructure project - Western Sydney International Airport

## Private specialties admissions in total catchment (2022-2032)<sup>2</sup>



# Rouse Hill

HealthCo's existing Health Hub asset is located opposite the proposed Rouse Hill Public Hospital, with planning progressed for a future private hospital

## Rouse Hill Hospital Precinct overview



## Proposed HealthCo development overview



- Situated in Sydney's North-West growth corridor within The Hills Shire Council, 43km from the Sydney CBD and accessible by both road and rail connections, including the North West Metro
- Proposed Rouse Hill Public Hospital will include emergency services, inpatient and outpatient services and is expected to commence construction in 2023 with operational commencement targeted for 2027

- High potential for future private hospital development as part of the existing HealthCo property which is positioned opposite the recently announced \$300 million Rouse Hill Public Hospital development
- The project is currently in planning and discussions with potential health operators are ongoing
- Targeted activation in CY26 (subject to tenant pre-commitment)

**Value add development opportunity to include a co-located private hospital to complement planned public hospital development**





# Portfolio summary metrics

Current total owned portfolio value of \$779m

Asset	State	Classification	Fair Value (\$m)	Cap Rate (%)	Site Area (sqm)	WALE (by income) <sup>4</sup>	Occupancy <sup>5</sup>
<b>Aged Care</b>							
Erina	NSW	Operating	42.5	5.75%	33,280	7.7	100%
<b>Childcare</b>							
Armadale	VIC	Operating	20.3	4.50%	2,525	14.1	100%
Avondale Heights <sup>1</sup>	VIC	Operating	8.4	5.00%	1,414	19.8	100%
Beaconsfield	VIC	Operating	9.2	4.50%	2,448	13.8	100%
Chadstone <sup>1</sup>	VIC	Operating	8.7	5.00%	1,962	19.9	100%
Concord	NSW	Operating	15.5	4.25%	1,657	11.4	100%
Croydon	VIC	Operating	8.5	5.00%	2,626	14.4	100%
Essendon	VIC	Operating	10.2	4.50%	1,911	8.3	100%
Everton Park	QLD	Operating	21.3	4.75%	2,629	12.0	100%
Five Dock	NSW	Operating	12.1	5.00%	1,391	2.8	100%
Frankston <sup>1</sup>	VIC	Operating	9.1	5.00%	2,567	14.8	100%
Greystanes	NSW	Operating	11.0	4.50%	1,503	8.4	100%
Maylands	WA	Operating	8.3	5.00%	1,978	19.4	100%
Nunawading	VIC	Operating	15.0	4.50%	2,139	13.6	100%
Seaford	VIC	Operating	8.0	4.50%	1,251	19.4	100%
Tarneit	VIC	Operating	8.9	4.50%	2,907	12.1	100%
Woolloongabba	QLD	Operating	15.2	4.75%	1,237	10.3	100%
Yallambie	VIC	Operating	5.4	5.00%	1,210	19.1	100%
<b>Primary Medical</b>							
Ballarat HCW	VIC	Operating	41.0	5.75%	39,390	16.4	100%
Cairns	QLD	Operating	39.0	6.25%	27,200	8.8	96%
Morayfield Health Hub	QLD	Operating	118.0	4.50%	58,164	5.6	100%
Rouse Hill	NSW	Operating	72.0	5.00%	36,100	5.9	100%
Springfield	QLD	Development	32.8	5.25%	31,030	9.7	100%
Vitality Village <sup>1</sup>	QLD	Operating	28.9	6.25%	4,636	4.6	92%
<b>Hospitals</b>							
Camden <sup>2</sup>	NSW	Development	98.0	4.78%	49,534	15.2	100%
GenesisCare – Chermside	QLD	Operating	13.0	4.38%	1,080	13.6	100%
GenesisCare – Nambour	QLD	Operating	16.5	4.50%	3,456	3.6	100%
GenesisCare – Ringwood	VIC	Operating	8.7	4.50%	835	8.9	100%
GenesisCare – Shepparton	VIC	Operating	8.9	4.75%	1,370	8.6	100%
GenesisCare – Southport	QLD	Operating	14.9	4.38%	1,236	13.6	100%
GenesisCare – Wembley	WA	Operating	18.5	4.50%	2,459	13.7	100%
GenesisCare - Urraween <sup>1</sup>	QLD	Operating	7.6	4.75%	860	13.7	100%
<b>Gov't, Life Sciences &amp; Research</b>							
Proxima	QLD	Development	24.1	5.50%	3,040	10.2	100%
<b>Total owned properties (Dec-22)</b>			<b>779.4</b>	<b>4.98%</b>	<b>327,025</b>	<b>10.1</b>	<b>99%</b>
Metro Childcare Portfolio <sup>3</sup>	VIC	Operating	33.8	5.00%	8,151	10.7	100%
Macquarie Park	NSW	Operating	80.8	5.25%	9,731	3.6	100%
<b>Pending acquisitions (Dec-22)</b>			<b>114.6</b>	<b>5.18%</b>	<b>17,882</b>	<b>7.2</b>	<b>100%</b>
<b>Total HCW Portfolio (incl. pending acquisitions and investments in JV)</b>			<b>894.0</b>	<b>5.00%</b>	<b>344,907</b>	<b>9.7</b>	<b>99%</b>

Notes: 1. Settled in 1H FY23. 2. HMC Capital's interest in Camden Stage 1 acquired in 1H FY23. Includes Healthco's interests in Stages 2 and 3. 3. Includes sites at Boronia, Bulleen, Chirnside Park and Melton. 4. By gross income. Includes signed leases and MoUs across all operating and development assets. 5. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets.



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