



**HealthCo Healthcare & Wellness REIT**

**FY23 Results**  
15 August 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







**The George Private Hospital (NSW)**

# Agenda

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



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Sunnybank Private Hospital (QLD)

# 1. Highlights



# FY23 Highlights

The transformational Healthscope acquisition has significantly improved the scale & quality of the portfolio

FINANCIAL	OPERATIONS	GROWTH / INVESTMENT
<p><b>6.9 cpu</b> FY23 FFO per unit +13% vs. FY22 (annualised) In line with guidance</p>	<p><b>100%</b> CASH RENT COLLECTION FY23 contracted rent</p>	<p><b>TRANSFORMATIONAL ACQUISITION</b> Healthscope Hospital Portfolio</p>
<p><b>7.6 cpu</b> FY23 DPU +1.3% vs. FY22 In line with guidance</p>	<p><b>99%</b> OCCUPANCY<sup>2</sup> In-line with 1H FY23</p>	<p><b>\$125m</b> ASSET RECYCLING \$95m exchanged with additional \$30m in advanced due diligence</p>
<p><b>\$71m</b> FY23 NET REVALUATION GAIN<sup>1</sup> Including \$90m net valuation gain at Knox</p>	<p><b>70%</b> CPI LINKED INCOME EXPOSURE<sup>3</sup> 4.2% WARR</p>	<p><b>~\$1bn+</b> ACCRETIVE DEVELOPMENT PIPELINE<sup>4</sup> Increased funding support through establishment of the Unlisted Healthcare Fund (UHF)</p>

Notes: 1. Includes 100% of tranche 2 assets acquired by UHF. HCW ownership will reduce from 100% to ~50% upon settlement of Tranche 3. 2. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets. 3. By gross income. Includes signed leases and MoUs across all operating and development assets. 4. Development pipeline represents estimated end value on a 100% basis including UHF's exposure.





# Update on key strategic initiatives

Successfully executing on key commitments following the Healthscope portfolio acquisition

Progress to date

Key objective

<p><b>1</b></p> <p><b>Recognising embedded value in Healthscope portfolio</b></p>	<p>✓</p>	<p><b>\$90m</b></p> <p>Net revaluation gain realised at Healthscope Knox<sup>1</sup> Acquired for \$350m in May-23<sup>2</sup></p>	<p>✓</p> <p><b>Future upside</b></p> <p>Expected upon completion of Knox development &amp; Tranche 3 settlement in Sep-23</p>	<p>➤</p> <p><i>Unlock embedded value from acquisition portfolio and development pipeline</i></p>
<p><b>2</b></p> <p><b>Unlisted Healthcare Fund capital raising</b></p>	<p>✓</p>	<p><b>3<sup>rd</sup> party capital</b></p> <p>3 global institutional investors are IC approved and are undertaking confirmatory due diligence</p>	<p>✓</p> <p><b>Financial close</b></p> <p>HMC Capital's institutional fund raising for UHF is on-track to reach first close in Sep-23</p>	<p>➤</p> <p><i>Create additional funding flexibility for HCW to invest in value accretive development pipeline</i></p>
<p><b>3</b></p> <p><b>\$200m asset recycling program</b></p>	<p>✓</p>	<p><b>\$125m</b></p> <p>Assets exchanged or in advanced due diligence ~4% discount to book value achieved<sup>3</sup></p>	<p>✓</p> <p><b>\$75m</b></p> <p>Target asset sales remaining in FY24</p>	<p>➤</p> <p><i>Maintain balance sheet gearing within 30-40% target range</i></p>



The George Private Hospital (NSW)

## 2. Portfolio overview



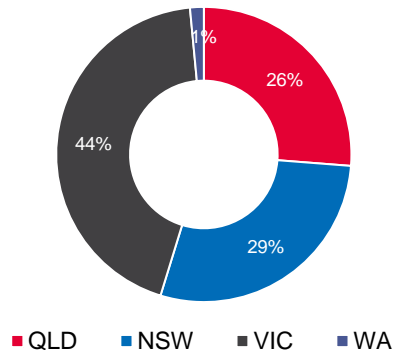
# Portfolio update

HealthCo has continued to grow its high quality and diversified healthcare portfolio to \$1.6bn

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

	Dec-22 <sup>1</sup>	Jun-23 <sup>1</sup>	Movement
Number of properties	39	36	-3
Portfolio valuation	\$894m	\$1,634m	+\$740m <sup>8</sup>
WACR <sup>2</sup>	5.00%	5.03%	+3bps
WARR <sup>3</sup>	4.0%	4.2%	+0.2%
WALE <sup>4</sup>	10 years	12 years	+2 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>1,7</sup>

Private Hospitals	53%	
Primary & Specialty Care	17%	
Childcare	13%	
Gov't, Life Sciences & Research	7%	
Aged Care	4%	

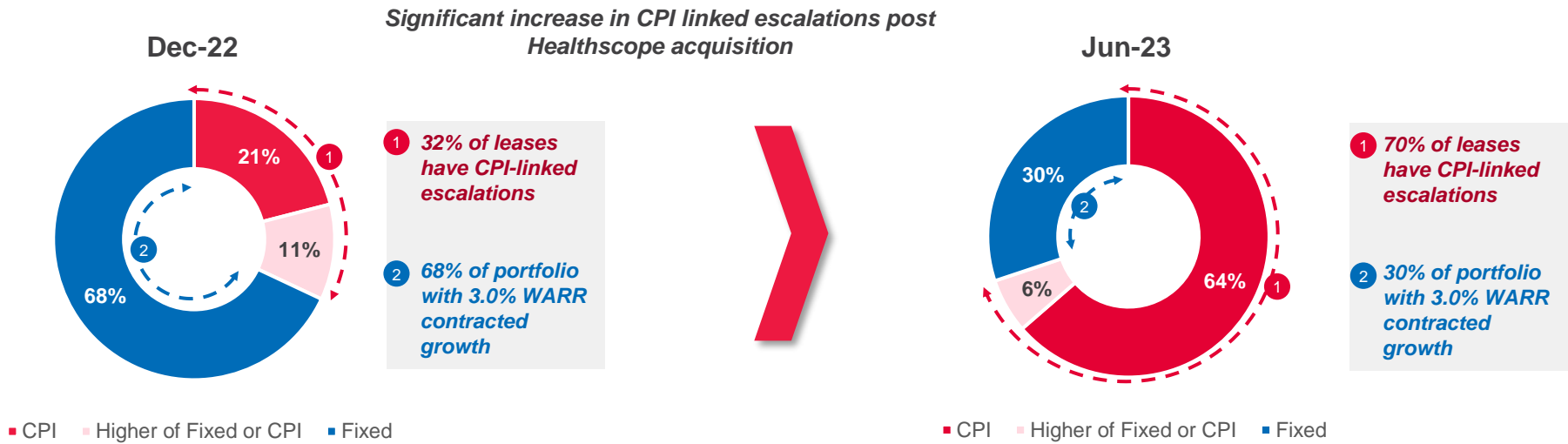
Notes: 1. Includes Camden Stages 2 & 3 and excludes assets held for sale. Dec-22 figures inclusive of \$115m contracted acquisitions, including Macquarie Park. 2. Weighted Average Capitalisation Rate excludes Camden Stages 2-3. 3. Weighted Average Rent Review by gross income. Includes CPI-linked escalations set over FY23. 4. Blended Weighted Average Lease Expiry 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. 6. Jun-23 rent collection for period since 30-Jun-22 to 30-Jun-23. 7. Income from 'Other' subsectors of 6%. 8. +\$855m when adjusted to exclude pending acquisitions as at Dec-22.



# Key portfolio statistics

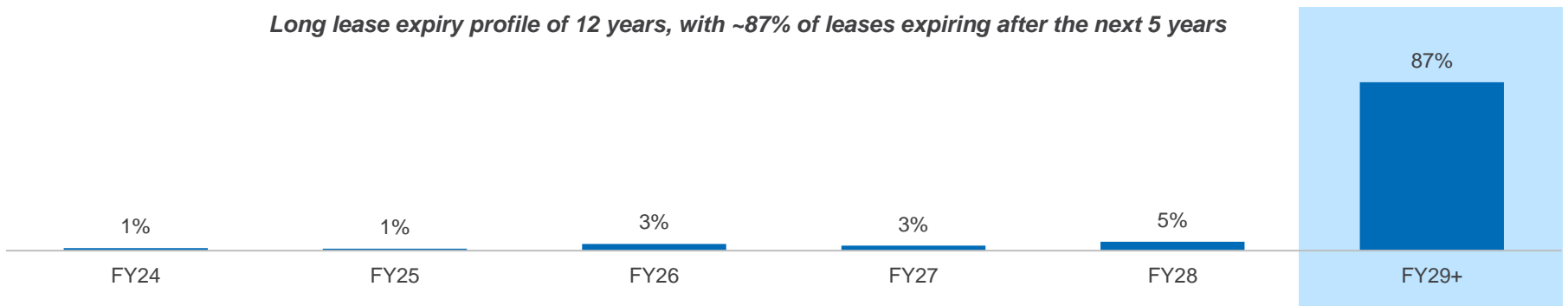
Long term leases to high quality operators with 70% CPI linked income and a WARR of 4.2%

## Rent composition (Dec-22 vs. Jun-23)<sup>1,2</sup>



## Lease expiry profile<sup>1,3</sup>

Long lease expiry profile of 12 years, with ~87% of leases expiring after the next 5 years



Notes: 1. By gross income. Includes signed leases and MoUs across all operating and development assets. Includes pending and committed acquisitions (Dec-22 includes Metro Childcare Portfolio and Macquarie Park). 2. Certain CPI linked leases have caps, including Healthscope assets which are subject to 4.0% cap and 1.5% collar per annum. 3. Values may not add due to rounding.



# 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> Achievements



### Environmental

Green Future  
Climate Action

- On track with Net Zero Energy Roadmap:
  - Achieved 15% group wide reduction in scope 1 and 2 carbon emissions<sup>2</sup>
  - Continuing the roll out of the smart Energy Management Systems (EMS), where we have operational control
  - Solar PV installed across 6 sites with The George, Camden the most recent instalment
  - 5.6 Star NABERS Energy and 5.3 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, which is being supported by the National Partnership between HMC Capital and Eat Up



### 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 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. 2. HMC Capital managed assets where the tenant is responsible for electricity consumption are excluded from the dataset.





Campbelltown Private Hospital (NSW)

### 3. Investments



# Transformational acquisition of \$1.2bn Healthscope portfolio

Largest healthcare property acquisition since 2019 at attractive pricing

## Transaction overview

### High quality portfolio of critical healthcare infrastructure

**\$1.2bn Transaction**  
 HCW Direct: \$256m  
 Unlisted Fund: \$944m

**11 Hospitals**  
 100% Occupancy

**Inflation Protection**  
 CPI-linked escalations<sup>1</sup>

**16yr WALE**  
 8x10 year options

**Absolute Net Lease<sup>2</sup>**  
 Zero landlord costs

**5.8% acquisition yield<sup>3</sup>**  
 >9% unlevered IRR<sup>4</sup>

- In Mar-23, HCW and a newly established Unlisted Healthcare Fund (UHF) announced the acquisition of 11 private hospitals (100% interest) for \$1.2bn<sup>5</sup>
  - HCW settled on the acquisition of 7 of these hospitals for \$730m in May-23
- As at 30 June 2023, HealthCo had a direct 100% interest in 4 hospitals and a 100% interest in UHF
  - HCW is expected to have a ~50% interest in UHF following the settlement of the remaining 4 hospitals (\$470m) in Sep-23 via third party capital

## Strategic rationale



### Transformative acquisition of rare scale and quality

- ✓ High quality established hospitals in desirable metro locations
- ✓ Leading national operator
- ✓ Long term secure income with 16yr WALE (+80yrs options)
- ✓ Inflation protected absolute net leases



### Healthscope partnership

- ✓ Improved lease structure to embed inflation protection
- ✓ Rent set at sustainable level
- ✓ Agreed major capex program at accretive returns: > 6% or 300bps + 10-Year ACGB



### Compelling financial returns

- ✓ 7% accretive to pro forma forecast 4Q FY23 FFOpu
- ✓ 5.8%<sup>3</sup> implied acquisition NOI yield
- ✓ >9% unlevered IRR<sup>4</sup>
- ✓ \$90m net revaluation gain subsequently realised at Healthscope Knox



### Australia's largest diversified healthcare REIT

- ✓ Pro-forma HCW portfolio value of \$1.6bn
- ✓ \$1bn+<sup>6</sup> of value enhancing development opportunities
- ✓ More than doubled HCW's exposure to CPI-linked escalations to 70%
- ✓ Expected to be eligible for ASX300 index inclusion
- ✓ Enhanced fee structure

Notes: 1. Subject to 4.0% cap and 1.5% collar per annum. 2. Landlord bears zero costs associated with the property. 3. Based on 100% of the Healthscope portfolio and includes incremental rent and capex on projects under construction. 4. Unlevered IRR of >9% based on 5 year hold period and consistent entry and exit cap rate assumptions. 5. HCW will ultimately own a \$730m interest in the portfolio. 6. Development pipeline represents estimated end value on a 100% basis including UHF's exposure.





# Acquisitions in FY23

\$908m of accretive healthcare acquisitions including \$730m Healthscope private hospitals

	Purchase price (\$m)	Settlement date	WALE (years) <sup>3</sup>	Description	
<b>HCW Direct</b> (100% HCW share)	GenesisCare Urraween (QLD)	8.8	Aug-22	7.0	Radiation oncology clinic co-located with UnitingCare's St Stephen's Hospital
	Metro Childcare portfolio (VIC)	26.2	Sep/Oct-22	18.1	Three high quality, newly developed childcare centres
	Vitality Village (QLD)	29.0	Nov-22	4.4	Health hub in the heart of the Sunshine Coast Health & Medical Precinct
	The George Private Hospital (NSW) <sup>1</sup>	32.7	Dec-22	15.0	HMC Capital's share of Camden Stage 1
	Macquarie Park (NSW)	80.75	Mar-23	3.6	Modern life sciences and medical research hub in metro Sydney
	Northpark Private Hospital (VIC)	101.0	May-23	15.1	144 bed private hospital operated by Healthscope
	The Victorian Rehab Centre (VIC)	63.0	May-23	16.1	143 bed private rehabilitation facility operated by Healthscope
	Pine Rivers Private Hospital (QLD)	51.0	May-23	17.1	70 bed dedicated private mental health facility operated by Healthscope
	The Geelong Clinic (VIC)	41.0	May-23	16.1	73 bed dedicated private mental health facility operated by Healthscope
<b>UHF</b> (50% HCW share) <sup>2</sup>	Knox Private Hospital (VIC) <sup>2</sup>	350.0	May-23	16.1	295 bed private hospital operated by Healthscope
	Campbelltown Private Hospital (NSW) <sup>2</sup>	94.0	May-23	17.1	82 bed private hospital operated by Healthscope
	Ringwood Private Hospital (VIC) <sup>2</sup>	30.0	May-23	16.1	75 bed private hospital operated by Healthscope
<b>Total</b>	<b>908</b>		<b>13.6</b>		



Notes: 1. HMC Capital's share of Camden Stage 1. 2. Asset acquired by UHF. HCW ownership expected to reduce to ~50% following settlement of Tranche 3 via third party capital. 3. Blended Weighted Average Lease Expiry by gross income as at time of settlement.



# Executing on asset recycling program

Successfully executing asset sales

Property	Subsector	State	Settlement	Sale proceeds
<b>Settled FY23</b>				
Cairns	Primary Medical	QLD	✓ Jun-23	\$46m
Chadstone	Childcare	VIC	✓ Jun-23	
<b>Assets settling in FY24<sup>1</sup></b>				
Armadale	Childcare	VIC	✓ Jul-23 (complete)	\$49m
Croydon	Childcare	VIC	✓ Aug-23 (complete)	
Yallambie	Childcare	VIC	✓ Aug-23 (complete)	
Avondale Heights	Childcare	VIC	✓ Aug-23 (complete)	
Tarneit	Childcare	VIC	Aug-23 (pending)	
<b>In advanced due diligence</b>				~\$30m
<b>Additional targeted asset sales</b>				\$75m
<b>Total asset disposal target</b>				<b>\$200m</b>

**\$125m**

*\$95m sold or contracted for sale at 4% discount to book value*

*Additional \$30m currently in advanced due diligence*

Notes: 1. Assets held for sale as at 30-Jun-23 include Armadale, Croydon, Yallambie and Tarneit.





Proxima (QLD)

# 4. Developments





# Significant embedded growth

\$1bn+ accretive development pipeline<sup>1</sup> underpins long term growth outlook and builds on strong track record of brownfield and greenfield projects

Completed projects	Projects underway	Future projects
<p><b>\$250m+</b> 4 PROJECTS COMPLETED<sup>2</sup></p>	<p><b>\$250m+</b> WORK IN PROGRESS ACROSS 4 MAJOR PROJECTS &amp; OTHER UPGRADES<sup>1</sup></p>	<p><b>\$750m+</b> COMMITTED &amp; UNCOMMITTED PIPELINE<sup>1,3</sup></p>
<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p><b>The George (NSW)</b></p> </div> <div style="width: 50%;">  <p><b>Springfield (QLD)</b></p> </div> <div style="width: 50%;">  <p><b>Knox (VIC) – Stage 1</b></p> </div> <div style="width: 50%;">  <p><b>Nepean (NSW)</b></p> </div> </div>	<ul style="list-style-type: none"> <li>▪ <b>Knox (VIC)</b> <i>Stage 2 – Upgrade and expansion of intensive care and coronary care units</i></li> <hr/> <li>▪ <b>Northpark (VIC)</b> <i>Upgrade and expansion of mental health services</i></li> <hr/> <li>▪ <b>Proxima (QLD)</b> <i>Greenfield health hub in the Gold Coast Health and Knowledge precinct</i></li> </ul>	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%; background-color: red; color: white; text-align: center; padding: 5px;"> <p><b>~\$200m</b> COMMITTED</p> </div> <div style="width: 33%;">  <p><b>Mount (WA)</b></p> </div> <div style="width: 33%; border: 1px dashed lightblue; padding: 5px;"> <p>+ Healthscope portfolio additional CSSD<sup>4</sup> &amp; critical infrastructure works</p> </div> <div style="width: 33%; background-color: blue; color: white; text-align: center; padding: 5px;"> <p><b>\$500m+</b> UNCOMMITTED</p> </div> <div style="width: 33%;">  <p><b>Camden Stages 2 &amp; 3 (NSW)</b></p> </div> <div style="width: 33%;">  <p><b>Rouse Hill (NSW)</b></p> </div> <div style="width: 100%; border: 1px dashed lightblue; padding: 5px; text-align: center;"> <p>+ Future Healthscope brownfield opportunities under review</p> </div> </div>
  	 	 <p><b>Confidential</b></p>

HCW remains well positioned to deliver enhanced NOI, FFO and DPU growth via accretive developments

Notes: 1. Development pipeline represents estimated end value on a 100% basis including UHF's exposure. 2. Includes development completion of Tranche 3 Healthscope assets, which are not expected to settle until Sep-23. 3. Includes Mount Private Hospital which is not due to settle until Sep-23. 4. Central Sterile Supply Department.





# The George Private Hospital (Camden Stage 1)

Successful delivery of a new greenfield private hospital in Australia's fastest growing LGA

- Modern mixed-use 78<sup>1</sup> bed facility providing paediatric, maternity and day surgery services leased to Acurio in Camden, Sydney NSW
  - 5 operating theatres, 2 endoscopy suites, 4 state-of-the-art birthing suites
- Operations commenced in June 2023

**\$106m**  
Valuation

**\$11m**  
Development profit

**4.38%**  
Cap rate

**100%**  
Leased

**15yr NNN<sup>2</sup> lease**  
3 x 15 year options

**CPI**  
Annual rent review





# Completion of brownfield projects at Knox & Nepean

Reinvesting in high quality critical healthcare infrastructure at attractive returns

## Knox Private Hospital (VIC)<sup>1</sup> – stage 1



- ✓ New three storey North tower and wards
  - Additional 60 patient beds, with private accommodation across two wards, increasing the total number of beds to over 300
- ✓ New renal dialysis service
  - Dedicated 16 chair renal dialysis unit to service the growing needs of the community in Melbourne's East and Southeast.
- ✓ New specialist consulting suites
  - 9 new on-site premium consulting suites

## Nepean Private Hospital (NSW)<sup>2</sup>



- ✓ New three storey hospital expansion
  - Additional four operating theatres with expanded recovery areas including a purpose-built pre-administration area and sterilising department
- ✓ Upgraded and repurposed endoscopy suite
- ✓ New specialist consulting suites
  - 17 new on-site premium consulting suites





Nepean Private Hospital (NSW)

## 5. Financial results





# Earnings summary

FY23 FFO of 6.9cpu and FY23 DPU of 7.6c in line with guidance

\$m	FY22	FY23
Property NOI	24.2	41.4
Responsible entity fees	(3.5)	(5.7)
Other corporate expenses	(1.9)	(2.2)
<b>EBITDA</b>	<b>18.8</b>	<b>33.5</b>
Net interest expense <sup>1</sup>	(2.4)	(8.0)
<b>FFO</b>	<b>16.4</b>	<b>25.5</b>
<b>Reconciliation to Statutory Profit:</b>		
Net unrealised fair value movements <sup>2</sup>	35.1	18.0
Straight lining and amortisation of lease incentives	1.9	(0.5)
Acquisition and transaction costs	(1.3)	(15.0)
Amortisation of borrowing costs	(0.9)	(3.4)
Rent guarantee income	(1.0)	(2.5)
Proxima coupon	(0.6)	(1.3)
Other	-	0.4
<b>Statutory Profit</b>	<b>49.6</b>	<b>21.2</b>
Units on issue (m) (weighted average)	325.2	371.6
<b>FFO per unit (cents)</b>	<b>5.1</b>	<b>6.9</b>
<b>Distribution per unit (cents)</b>	<b>7.5</b>	<b>7.6</b>

## Basis of preparation

- FY23 financial results include the financial performance of the Unlisted Healthcare Fund, in which HealthCo had a 100% interest as at Jun-23, on a fully consolidated basis
- Following the settlement of Tranche 3, HealthCo's ~50% equity interest in UHF is expected to be equity accounted

## Funds from Operations

- FY23 FFO of 6.9 cpu in line with guidance
  - +13% growth on an annualised basis
  - Underpinned by strong operating performance – 100% rent collection and 99% occupancy

## Distribution

- FY23 distribution of 7.6 cpu in line with guidance





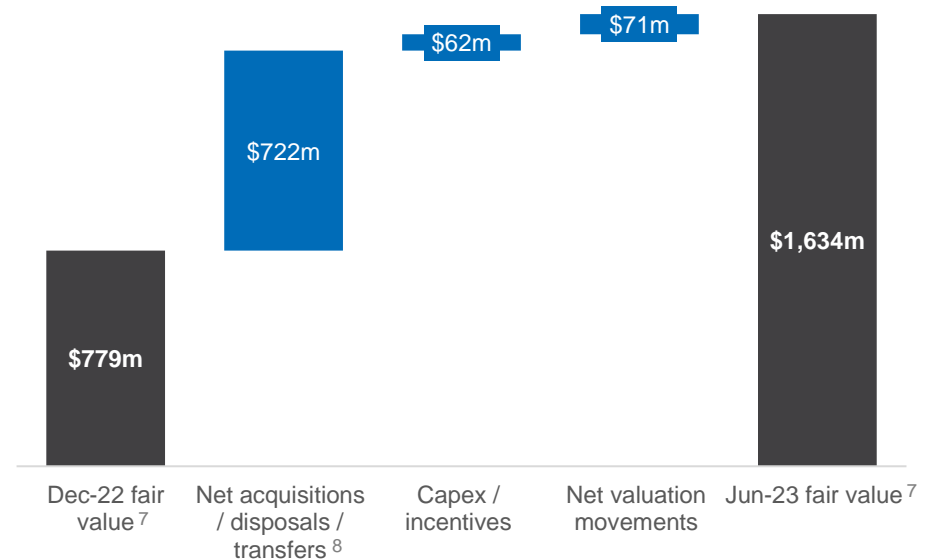
# Balance sheet

Portfolio scale transformed by the Healthscope hospital portfolio acquisition

\$m	Dec-22	Jun-23
Cash and cash equivalents	4.3	7.6
Trade and other receivables	3.5	6.1
Other assets	9.3	10.2
Assets held for sale <sup>1</sup>	-	41.4
<b>Total current assets</b>	<b>17.1</b>	<b>65.3</b>
Investment Properties <sup>2</sup>	770.6	1,625.7
Investment in JV <sup>3</sup>	11.6	11.9
Derivative Financial Instruments <sup>4</sup>	0.0	21.6
<b>Total non-current assets</b>	<b>782.2</b>	<b>1,659.2</b>
<b>Total assets</b>	<b>799.4</b>	<b>1,724.5</b>
Trade and other payables	14.9	51.2
Distribution payable	6.1	11.3
<b>Total current liabilities</b>	<b>21.0</b>	<b>62.5</b>
Borrowings <sup>5</sup>	125.8	700.6
Lease liabilities	2.8	3.1
<b>Total liabilities</b>	<b>149.6</b>	<b>766.2</b>
<b>Net assets</b>	<b>649.7</b>	<b>958.3</b>
Contributed equity	629.1	939.9
Retained profits	14.6	11.3
Non-controlling interest	6.1	7.1
<b>Total equity</b>	<b>649.7</b>	<b>958.3</b>
Units on issue (m)	325.6	562.8
<b>NTA per unit (\$) <sup>6</sup></b>	<b>2.00</b>	<b>1.70</b>

## Investment properties

- Investment properties of \$1.6bn as at Jun-23, adjusted for assets held for sale
  - Movement driven by the acquisition of 7 private hospitals leased to Healthscope for \$730m, inclusive of a 100% interest in Tranche 2 of the Healthscope hospital portfolio
- Portfolio net valuation increase of \$71m (+4.7%) versus H1 FY23, driven by a \$90m net gain at Knox Private Hospital





# Capital management

81% hedged with balance sheet gearing within the 30-40% target range

## Debt facilities summary (\$m)

	Dec-22	Jun-23	
		UHF	HCW
<b>Liquidity</b>			
Senior facilities undrawn	272.1	320.1	68.2
Cash at bank	4.3	1.5	6.0
<b>Total liquidity<sup>1</sup></b>	<b>276.4</b>	<b>321.6</b>	<b>74.3</b>
<b>Debt summary</b>			
Maturity	Aug-24	Apr-27	May-26
Limit	400.0	550.0	550.0
Drawn	127.9	229.9	481.8

## Key debt metrics

	Dec-22	Jun-23
HCW balance sheet gearing <sup>2</sup>	16%	PF 29% <sup>3</sup>
Look-through gearing <sup>2</sup>	n/a	41% PF 39% <sup>3</sup>
Interest coverage ratio (ICR covenant: 1.75x)	6.1x	2.4x
% of debt hedged <sup>5</sup>	27%	81%
Hedged debt tenor (years) <sup>5</sup>	2.0	2.6
Weighted avg. debt cost (% p.a.) <sup>4,5</sup>	5.2%	4.9%

## Debt refinancing

- In May 2023, HealthCo completed an upsize and an extension of its \$400m senior secured debt facility to a \$550m three-year senior secured debt facility on improved terms
- As part of the Healthscope portfolio acquisition, the UHF entered into a separate four-year \$550m senior secured debt facility, secured against the assets of the UHF only
- There are additionally uncommitted accordion debt facilities of \$150m each associated with the HCW and UHF facilities

## Gearing

- HCW balance sheet gearing of 29% and look-through gearing of 39%
  - Proforma for the settlement of Tranche 3 of the Healthscope portfolio, completion of the \$125m asset recycling programme and subsequent deconsolidation of the UHF

## Hedging

- 81% hedged on a consolidated basis after HealthCo and the UHF entered into \$575m of interest rate swaps in FY23

Notes: 1. Excluding uncommitted accordion debt facilities of \$300m. 2. Gearing is defined as Borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by Total Assets less Cash and cash equivalents and ROUA. 3. Pro forma for (i) settlement of Tranche 3 and subsequent deconsolidation of the UHF; and (ii) \$79.3m of asset sales in FY24 (refer page 13). 4. Weighted average cost of debt includes swap interest costs and excludes capitalised borrowing costs and commitment fees. Cost of debt as at the end of each reference period. 5. HealthCo and UHF on a fully consolidated basis.





Knox Private Hospital (VIC)

## 6. Guidance and outlook



# FY24 guidance

Strong outlook with FY24 FFO of 8.0c, representing 16% annual growth

## FY24 Guidance

**8.0 cents**

**FFO/unit<sup>1</sup>**  
+16% growth vs. FY23

**8.0 cents**

**DPU**  
+5% growth vs. FY23

- Attractive demographic fundamentals underpin long-term demand for healthcare services
- Ownership of real estate in target sectors remains highly fragmented with a large proportion of assets sitting on tenant and government balance sheets
- Value accretive development pipeline will continue to transform portfolio scale & quality
- Interest rate risk mitigated in FY24 with 81% of Jun-23 drawn debt hedged





# Healthcare real estate is a resilient asset class

Favourable long-term structural demand drivers have driven outperformance



**Low correlation to broader economic cycle**

*Non-discretionary nature of healthcare expenditure limits exposure to economic downturns*



**Supported by demographic megatrends**

*The number of people aged over 65 is expected to double and over 85 expected to triple over the next 40 years<sup>1</sup>*



**Supported by increased health and Government spending**

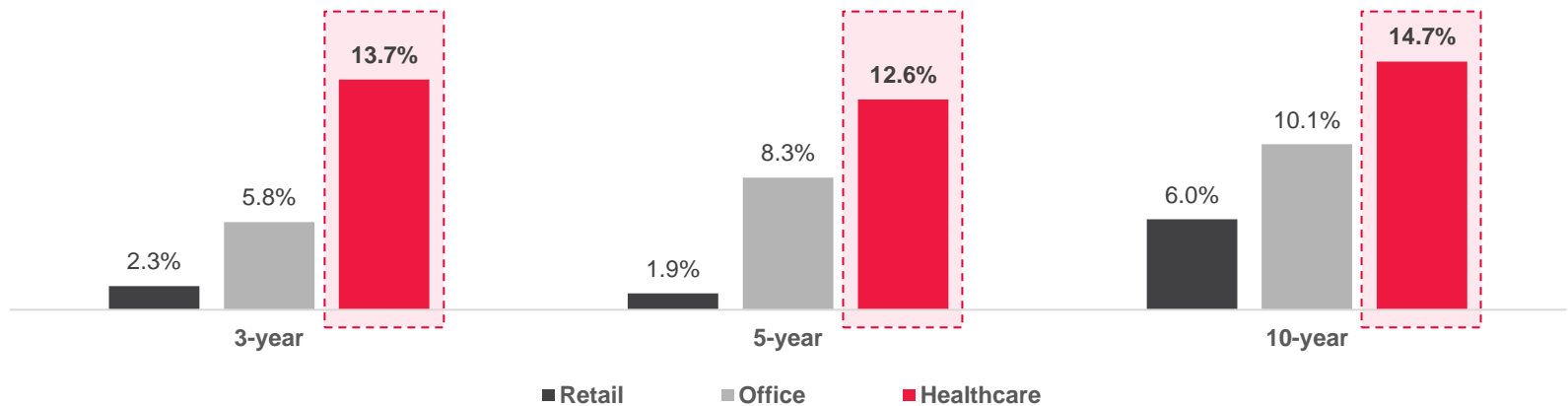
*The over 65 cohort's expenditure on healthcare is 3-5x more compared to the under 65 cohort<sup>2</sup>*



**Record Private Health Insurance hospital coverage**

*Broad based growth, with 11.8m insured persons (Australian record), underwrites private hospital utilisation and growth<sup>3</sup>*

**Australian total returns by real estate sub-sector<sup>4</sup>**



**Healthcare real estate has materially outperformed traditional real estate sub-sectors over a 3, 5 and 10-year horizon**



Northpark Private Hospital (VIC)

## Appendix - Supplementary information





# HCW's journey since IPO

Major transformation in scale, portfolio diversification, inflation protection and growth upside

		IPO (Sep-21)	FY23	Change
FFO/unit	✓	5.2cpu <sup>1</sup>	8.0cpu <sup>2</sup>	+54%
Portfolio value	✓	\$0.6bn	\$1.6bn <sup>3</sup>	+\$1.0bn
Index inclusion	✓	N/A	FTSE EPRA NAREIT Potential ASX300 index inclusion at Sep-23 rebalance	Increased domestic and global investor base
Development pipeline (100% share)	✓	~\$0.5bn <sup>4</sup>	~\$1.0bn <sup>5</sup>	+100%
CPI linked leases	✓	30%	70%	More than doubled exposure to CPI linked leases
Interest rate hedging	✓	Net cash	81%	+81%

# Strategic investment in Unlisted Healthcare Fund

Complementary partner to assist HCW in accessing and funding a larger pool of investment and development opportunities

## Overview



On 30-Mar-23, HMC Capital announced the establishment of a new Unlisted Healthcare Fund (UHF)



UHF will have a 100% interest in 7 private hospitals leased to Healthscope, valued at \$1,062m<sup>1</sup>



HCW is expected to have a ~50% interest in UHF following settlement of the remaining 4 hospitals



HMC Capital's institutional fund raising is on-track to reach first close in Sep-23<sup>2</sup>

## Investment mandate



### Unlisted Fund

#### Subsectors

Private Hospitals	✓	✓
Life Sciences	✓	✓
Primary Medical	✓	✗
Childcare	✓	✗
Aged Care	✓	✗

#### Other features

	Listed	Unlisted
Capital source	Listed	Unlisted
Investment objective	Stable, growing distributions	Total returns
Investment strategy	Invest in diversified healthcare real estate to deliver secure and growing distributions	'Develop-to-core' strategy focusing on large-scale healthcare opportunities including developments
Right of first offer (ROFO)	ROFO over hospital and life sciences opportunities up to \$100m and any Unlisted Fund assets sales	ROFO over hospital and life sciences opportunities >\$100m
Target gearing	30-40%	40-50%

Significant addressable market opportunity for long term investment into critical social infrastructure assets





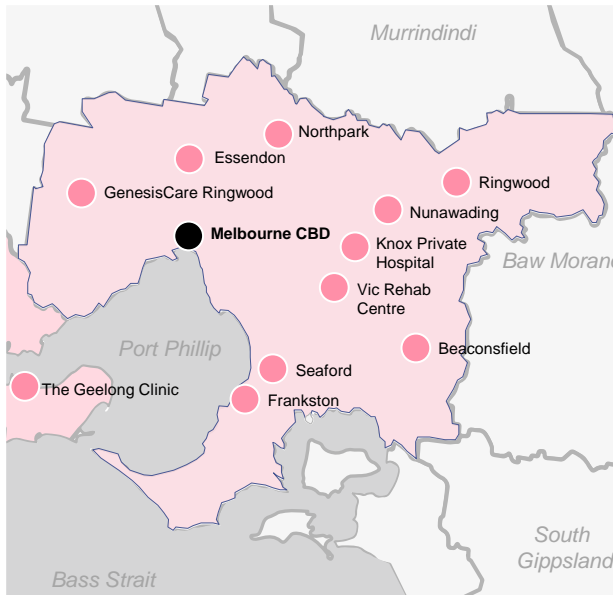
# Investments in Australia's growth corridors

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

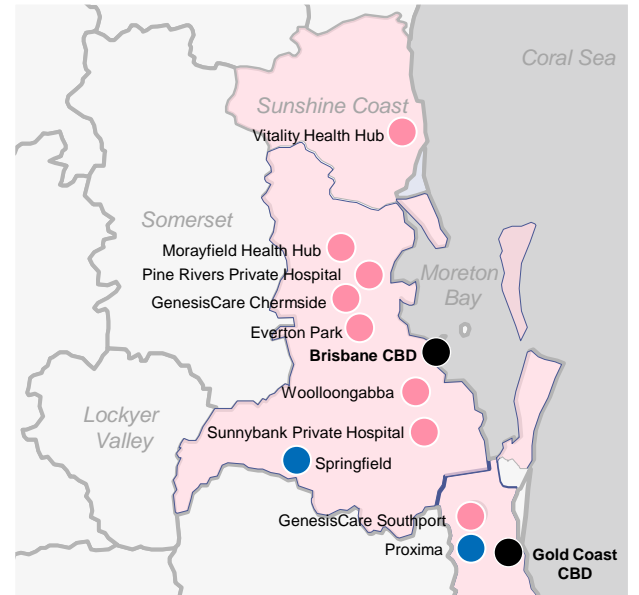
## Sydney



## Melbourne



## Brisbane, Gold Coast & Sunshine Coast



● Operating assets ● Developments

**\$466m**  
Total value<sup>1</sup>

**29%**  
of total portfolio<sup>1,2</sup>

**\$715m**  
Total value<sup>1</sup>

**44%**  
of total portfolio<sup>1,2</sup>

**\$429m**  
Total value<sup>1</sup>

**26%**  
of total portfolio<sup>1,2</sup>

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

Notes: 1. Calculated by fair value of properties as at 30-Jun-23. 2. Percentage of total group portfolio (excluding assets held for sale).



# Development pipeline

\$1bn+ upsized development pipeline<sup>1</sup> following the acquisition of the Healthscope portfolio

Project	Completion	Total investment (100% share)	Ownership / HCW % share	Target returns (% p.a.)
<b>Completed developments</b>				
<b>Knox (VIC) – Stage 1 (VIC) &amp; Nepean (NSW)</b> <ul style="list-style-type: none"> <li>Brownfield expansion of each hospital</li> </ul>	Q1 FY24	~\$91m (\$7m remaining – HCW share ~\$3.5m) <sup>4</sup>	UHF <sup>7</sup> 50%	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Committed developments</b>				
<b>Knox (VIC) – Stage 2</b> <ul style="list-style-type: none"> <li>Brownfield expansion of hospital</li> </ul>	Q4 FY24	~\$20m (\$20m remaining – HCW share ~\$10m) <sup>4</sup>	UHF <sup>7</sup> 50%	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Northpark Private Hospital (VIC)</b> <ul style="list-style-type: none"> <li>Expanded mental health inpatient bed facilities</li> </ul>	Q4 FY24	~\$10m (\$10m remaining) <sup>4</sup>	HCW 100%	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Mount (WA)</b> <ul style="list-style-type: none"> <li>Refurbishment and regulatory upgrade including CSSD<sup>2</sup></li> </ul>	1H FY25	~\$44m (~\$43m remaining – HCW share ~\$22m) <sup>4</sup>	UHF <sup>7</sup> 50%	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Healthscope Portfolio additional projects</b> <ul style="list-style-type: none"> <li>CSSD<sup>2</sup> + Critical Infrastructure works</li> </ul>	Various over next 24 months	~\$31m (~\$25m remaining - HCW share ~\$13m) <sup>4</sup>	Various	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Springfield (QLD)</b> <ul style="list-style-type: none"> <li>Diversified health hub anchored by Mater</li> </ul>	Mater lease commenced in Q4 FY23	\$36m (~\$2m remaining) <sup>4</sup>	HCW 100%	>6% yield on cost
<b>Proxima Southport (QLD)</b> <ul style="list-style-type: none"> <li>Health hub development in the Gold Coast Health and Knowledge Precinct<sup>3</sup></li> </ul>	Q3 FY24	~\$70m (\$40m remaining) <sup>4</sup>	HCW 100%	5.65% yield on cost
<b>Precinct development pipeline (uncommitted)</b>				
<b>Future Healthscope Brownfield opportunities</b> <ul style="list-style-type: none"> <li>Various projects currently under varying stages of review</li> </ul>	Various	Estimate \$114m <sup>4</sup>	Various	Greater of 6% or 10yr Aus govt bond yield + 300bps
<b>Camden – Stages 2 &amp; 3 (NSW)<sup>8</sup></b> <ul style="list-style-type: none"> <li>Significant private hospital &amp; Health research facility</li> </ul>	Targeted activation in CY24	Stage 2 Estimate \$250m <sup>5,6</sup> Stage 3 Estimate \$90m <sup>5,6</sup>		6-7% yield on cost
<b>Rouse Hill (NSW)</b> <ul style="list-style-type: none"> <li>Expansion to include hospital development</li> </ul>	Targeted activation in CY26	Planning in progress		6-7% yield on cost

= Healthscope committed brownfield capex pipeline: \$255m as complete valuation<sup>1</sup>, \$196m total cost (\$107m remaining cost to complete)

Notes: 1. Development pipeline represents estimated end value on a 100% basis including UHF's exposure. 2. Central sterile supply department. 3. 1 year rental guarantee in place. 4. Cost to complete on a 100% basis. Remaining as at 30-Jun-23. 5. On a 100% basis. 6. Subject to pre-commitment. 7. HCW ownership in UHF 100% as at 30-Jun-23, however will reduce to 50% upon settlement of Tranche 3 assets which is expected in Sep-23. 8. HCW interests in Stages 2 and 3 are 25% and 31% respectively.





# Portfolio summary metrics

Current total owned portfolio value of \$1,634m<sup>1</sup>

#	Asset	State	Classification	Fair Value (\$m)	Cap Rate (%)	Site Area (sqm)	WALE (by income) <sup>2</sup>	Occupancy <sup>3</sup>
<b>Aged Care</b>								
1	Erina	NSW	Operating	41.0	5.88%	33,280	7.2	100%
<b>Childcare</b>								
2	Avondale Heights	VIC	Operating	7.9	5.00%	1,414	19.2	100%
3	Beaconsfield	VIC	Operating	8.7	4.75%	2,448	13.0	100%
4	Concord	NSW	Operating	14.8	4.50%	1,657	10.9	100%
5	Essendon	VIC	Operating	9.2	5.00%	1,911	7.8	100%
6	Everton Park	QLD	Operating	20.0	5.00%	2,629	11.7	100%
7	Five Dock	NSW	Operating	12.1	5.00%	1,391	2.3	100%
8	Frankston	VIC	Operating	9.1	5.00%	2,567	14.2	100%
9	Greystanes	NSW	Operating	11.4	4.50%	1,503	7.9	100%
10	Maylands	WA	Operating	8.6	5.00%	1,978	18.9	100%
11	Nunawading	VIC	Operating	15.0	4.50%	2,139	13.1	100%
12	Seaford	VIC	Operating	7.5	5.00%	1,251	18.8	100%
13	Woolloongabba	QLD	Operating	15.5	4.75%	1,237	9.8	100%
<b>Primary and Specialty Care</b>								
14	Ballarat	VIC	Operating	40.0	5.75%	39,390	6.6	100%
15	GenesisCare - Chermshire	QLD	Operating	11.1	5.13%	1,080	13.1	100%
16	GenesisCare - Nambour	QLD	Operating	14.4	5.25%	3,456	3.1	100%
17	GenesisCare - Ringwood	VIC	Operating	7.4	5.25%	835	8.4	100%
18	GenesisCare - Shepparton	VIC	Operating	7.9	5.25%	1,370	8.1	100%
19	GenesisCare - Southport	QLD	Operating	12.7	5.13%	1,236	13.1	100%
20	GenesisCare - Wembley	WA	Operating	16.0	5.13%	2,459	13.2	100%
21	GenesisCare – Urraween <sup>4</sup>	QLD	Operating	6.7	5.25%	860	6.1	100%
22	Macquarie Park <sup>5</sup>	QLD	Operating	80.8	5.50%	9,731	3.8	100%
23	Morayfield Health Hub	QLD	Operating	114.0	4.75%	58,164	5.7	100%
24	Rouse Hill	NSW	Operating	72.5	5.00%	36,100	5.2	100%
25	Springfield	QLD	Development	34.6	5.25%	31,030	9.6	99%
26	Vitality Village	QLD	Operating	29.3	6.25%	4,636	4.3	100%
<b>Hospitals</b>								
27	Camden	NSW	Operating	106.0	4.38%	49,534	14.5	100%
28	The Geelong Clinic <sup>5</sup>	VIC	Operating	41.0	5.50%	14,935	15.8	100%
29	Northpark Private Hospital <sup>5</sup>	NSW	Operating	101.0	5.13%	19,630	14.8	100%
30	Pine Rivers Private Hospital <sup>5</sup>	QLD	Operating	51.0	5.50%	9,346	16.8	100%
31	The Victorian Rehabilitation Centre <sup>5</sup>	VIC	Operating	63.0	5.25%	39,408	15.8	100%
32	Campbelltown Private Hospital <sup>5,6</sup>	NSW	Operating	95.5	5.25%	3,824	16.8	100%
33	Knox Private Hospital <sup>5,6</sup>	VIC	Operating	468.4	4.75%	41,887	15.8	100%
34	Ringwood Private Hospital <sup>5,6</sup>	VIC	Operating	30.0	5.25%	6,913	15.8	100%
<b>Gov't, Life Sciences &amp; Research</b>								
35	Proxima	QLD	Development	38.7	5.50%	3,040	n.a.	n.a.
<b>Total owned properties (Jun-23)</b>				<b>1,622.7</b>	<b>5.03%</b>	<b>434,269</b>	<b>12.0</b>	<b>100%</b>
<b>Equity Accounted Investments<sup>7</sup></b>								
36	Camden Trust 2 & 3	NSW	Development	11.9	n.m.	n.m.	n.m.	n.m.
<b>Total HCW Portfolio (incl. investments in JV)</b>				<b>1,634</b>	<b>5.03%</b>	<b>434,269</b>	<b>12.0</b>	<b>100%</b>

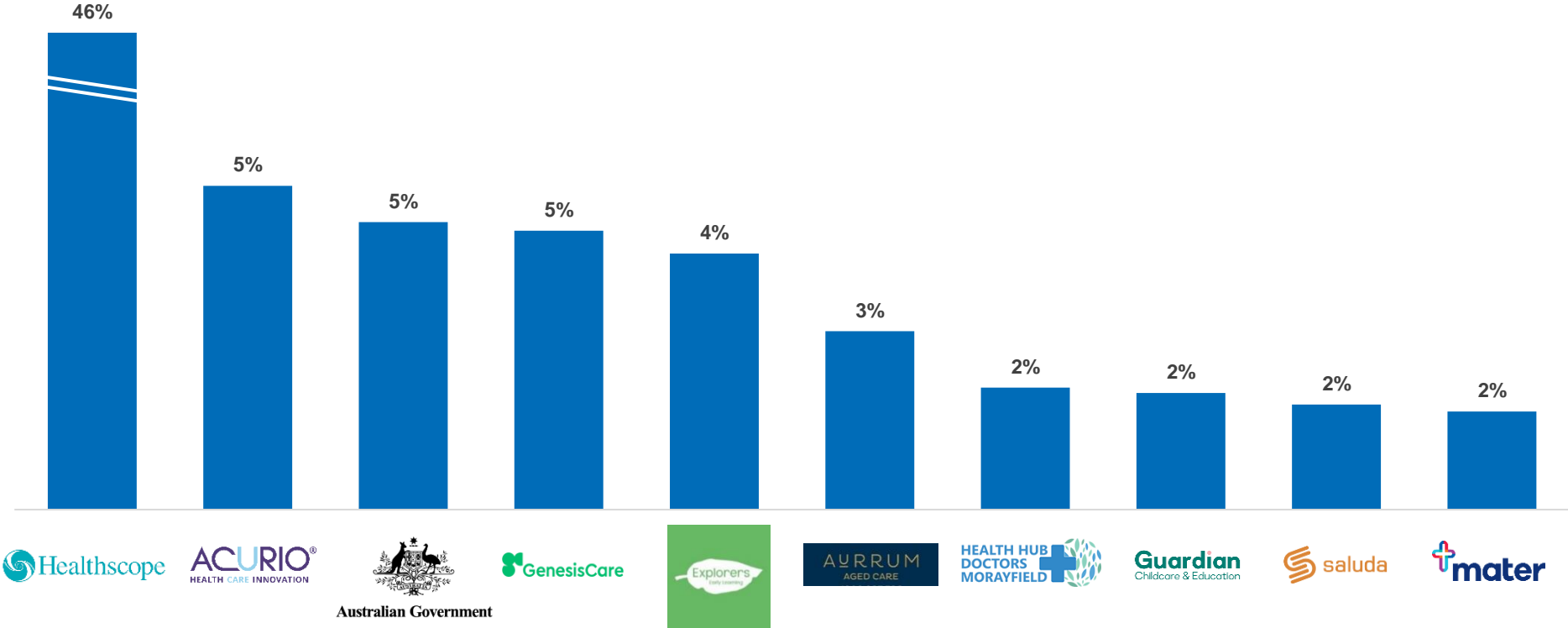
Notes: 1. All FY23 metrics as at Jun-23, excluding assets held for sale. 2. By gross income. Includes signed leases and MoUs across all operating and development assets. 3. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets. 4. Excludes gross up of GenesisCare Urraween ROU asset valued at \$3.1m as at Jun-23. 5. Settled in 2H FY23. 6. Asset acquired via UHF, currently owned 100% by HCW. 7. Valuation represents proportionate share of assets accounted for as equity accounted investments.

# Top 10 tenants

Significant exposure to high quality national and government tenants

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

Top 10 tenants spread across all subsectors account for 76% of total portfolio income



Notes: 1. By gross income. Includes signed leases and MoUs across all operating and development assets. Includes pending and committed acquisitions. 2. Values may not add due to rounding.





# GenesisCare update

Tenant is compliant with all lease obligations, including 100% of rent paid on time

## Overview

- GenesisCare filed for voluntary re-organisation under Chapter 11 in the US on 1-Jun-23 to allow for a global restructure
- GenesisCare announced the Australian business will continue to operate normally and patient care will not be affected
- The Australian GenesisCare operations are the key driver of financial performance in the business – with GenesisCare Australia reporting year-on-year growth in treatment volumes, treating nearly 4 in 10 radiation therapy patients nationwide.
- HCW has received unsolicited expressions of interest from multiple leading industry operators and is confident in its ability to re-lease the properties at passing rents, should circumstances change**

✓ **GenesisCare Australia is a viable tenant for HealthCo and represents ~5% of HCW income**

✓ **Conservative 2H FY23 internal valuation approach across GenesisCare portfolio resulting in a \$11.9m valuation decline**

- 50 - 75bps cap rate widening across assets

✓ **High quality real estate**

- Sites benefit from existing referral pathways and proximity to complementary health services and hospital infrastructure
- Custom high intensity fit outs, including certified radiation proof concrete bunkers, required by legislation to support treatment and costly to relocate



Wembley (WA)





## Investors and Analysts

## Media



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