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

ASX RELEASE

22 November 2023

BELL POTTER CONFERENCE PRESENTATION

HealthCo Healthcare and Wellness REIT (ASX: HCW) provides the attached presentation which will be delivered to the Bell Potter Foundations Real Estate Conference 2023 today.

This announcement is authorised for release by the Board.

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About HealthCo Healthcare & Wellness REIT

HealthCo Healthcare & Wellness REIT (HCW) 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. HCW is Australia's leading diversified healthcare REIT with a combined portfolio size of $1.5 billion and development pipeline of approximately $1 billion.

HealthCo Healthcare & Wellness REIT

Bell Potter Conference
22 November 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)

Overview of HCW

Leading ASX300 diversified healthcare REIT

OVERVIEW

$1.6bn	~$0.8bn	$1.70	$1bn+
Portfolio value[1]	Market cap[2]	NTA/unit[1]	Development pipeline[3]

1. S&P/ASX 300 healthcare & wellness focused landlord
2. Diversified portfolio of institutional grade critical healthcare infrastructure across Australia
3. ~50% co-investment in $1.3bn Unlisted Healthcare Fund (UHF) alongside global institutional investors
4. Attractive lease terms – strong inflation protection with >70% of leases CPI linked and ~75% exposure to triple-net leases[4]
5. Proven development track record supports $1bn+ accretive development pipeline
6. Well capitalised with gearing at the low end of the 30-40% target range and 81% of drawn debt hedged[5]

Key portfolio metrics[1]

Number of properties[1]	36
WACR[6]	5.03%
WARR[7]	4.2%
WALE[8]	12 years
Occupancy[9]	99%
Rent collection[10]	100%

Notes: 1. As at 30-Jun-23 and includes Camden Stages 2 & 3 and 100% of tranche 2 assets acquired by UHF. HCW interest in UHF reduced to ~50% upon settlement of Tranche 3. Excludes assets held for sale. 2. As at 16-Nov-23. 3. Development pipeline represents estimated end value on a 100% basis including UHF's exposure (including Tranche 3). 4. By gross income. Includes signed leases, MoUs and rental guarantees across operating assets. 5. HealthCo and UHF on a fully consolidated basis. 6. Weighted Average Capitalisation Rate excludes Camden Stages 2-3. 7. Weighted Average Rent Review by gross income. Includes CPI-linked escalations set over FY23. 8. Blended Weighted Average Lease Expiry by gross income. Includes signed leases and MoUs across all operating and development assets. 9. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets. 10. Rent collection for period since 30-Jun-22 to 30-Jun-23.

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Investment Strategy

Owner and developer of critical healthcare & wellness infrastructure

MODEL PORTFOLIO CONSTRUCTION

Portfolio target sub-sectors

- Private Hospitals
- Primary & Specialty care
- Childcare
- Gov't, Life Sciences & Research
- Aged care

High exposure to defensive and noncyclical expenditure

STRONG INVESTMENT FUNDAMENTALS

~85%
National & government tenants[1]

>99%
Occupancy[2]

~75% triple net leases
By income[1]

>70% CPI
Linked income

12 year
WALE[3]

100%
Rent collection

Irreplaceable real estate and tenant quality underpinning income security

ACCRETIVE DEVELOPMENT PIPELINE

$1bn+
Accretive development pipeline[4] to be funded alongside UHF

~$500m
Committed projects & work in progress[4]

Higher of 6% or 10-yr ACGB yield + 300bps
Healthscope development capex funding mechanism

Reinvesting in high quality critical healthcare infrastructure at attractive returns

LONG-TERM STRUCTURAL DEMAND DRIVERS

Supported by ageing population & demographic megatrends

Increased health & government spending

Record Private Health Insurance hospital coverage

Low correlation to broader economic cycle

Powerful megatrends driving healthcare real estate outperformance

Notes: All metrics as at 30-Jun-23 unless otherwise stated. 1. By gross income. Includes signed leases and MoUs across all operating and development assets. 2. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets. 3. Blended Weighted Average Lease Expiry 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. As at 30-Jun-23.

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Asset recycling program

Successfully executing asset sales to maintain gearing at lower end of 30-40% target range

Property	Subsector	State	Settlement	Sale proceeds
Settled FY23				
Cairns	Primary Medical	QLD	Jun-23 ✓	$46m
Chadstone	Childcare	VIC	Jun-23 ✓	
Assets settling in FY24				
Armadale	Childcare	VIC	Jul-23 ✓	$69m
Croydon	Childcare	VIC	Aug-23 ✓	
Yallambie	Childcare	VIC	Aug-23 ✓	
Avondale Heights	Childcare	VIC	Aug-23 ✓	
Tarneit	Childcare	VIC	Aug-23 ✓	
Greystanes	Childcare	NSW	Nov-23 ✓	
Five Dock	Childcare	NSW	2H FY24	
Childcare centre(s) in advanced due diligence				**~$10-20m**
Additional targeted asset sales				**$75m**
Total asset disposal target				**$200m**

$125m

$115m sold or contracted for sale at ~5% discount to book value[1]

Additional $10-20m currently in advanced due diligence

Notes: 1. Discount to book value based on settled assets.

Development track record

Strong brownfield & greenfield development capability, successfully completing >$250m of projects since IPO[1]

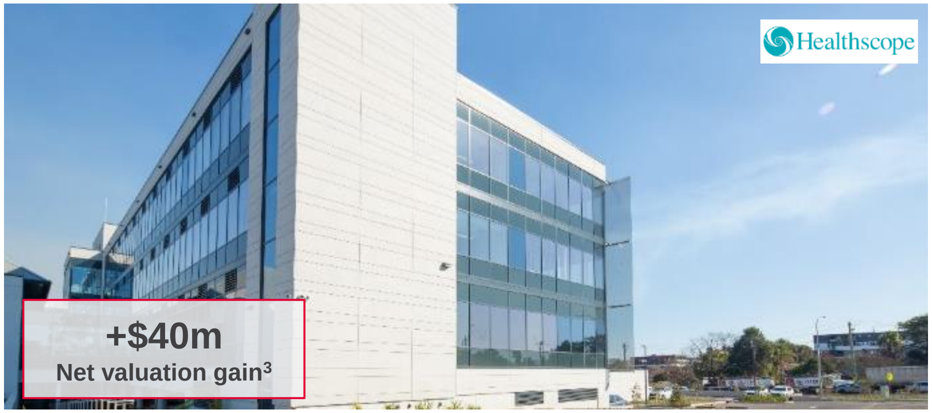
The George Private Hospital, Camden (NSW)

Greenfield private hospital development

$11m
Development profit[2]

Nepean Private Hospital (NSW)

~$26m brownfield private hospital expansion



+$40m
Net valuation gain[3]

Knox Private Hospital (VIC) – stage 1

~$65m brownfield private hospital expansion

+$90m
Net valuation gain[2]

Springfield (QLD)

~$36m health hub development anchored by Mater

$11m
Development profit[2,4]

Notes: 1. Based on independent valuation as at 30-Jun-23. 2. As at 30-Jun-23. 3. 30-Jun-23 estimate based on internal as complete valuation, net of costs to complete the expansion. 4. Based on as complete valuation on a 100% basis, excluding incentives and allowances.

Significant embedded growth

$1bn+ accretive development pipeline[1] underpins long term growth outlook and builds on strong track record of brownfield and greenfield projects

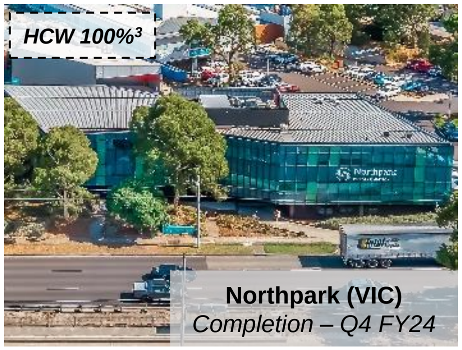
Current projects

$250m+

WORK IN PROGRESS ACROSS
4 MAJOR PROJECTS & OTHER UPGRADES[1]

UHF ~50%[3]

Knox (VIC)
Completion – Q4 FY24



HCW 100%[3]

Northpark (VIC)
Completion – Q4 FY24

HCW 100%[3]

Proxima (QLD)
Completion – Q3 FY24

Healthscope | Queensland Government

Pipeline

$750m+

COMMITTED & UNCOMMITTED PIPELINE[1]

~$200m COMMITTED

UHF ~50%[3]

Mount (WA)
Completion – 1H FY25

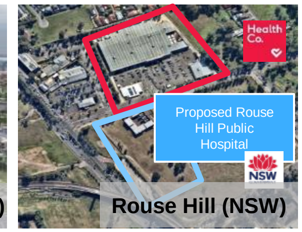
Various[3]

+ Healthscope portfolio additional CSSD[2] & critical infrastructure works

Various completion dates over next 24 months

$500m+ PIPELINE

Camden Stages 2 & 3 (NSW)



Rouse Hill (NSW)

+ Future Healthscope brownfield opportunities under review

Healthscope **Confidential**

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. Central Sterile Supply Department. 3. Ownership / HCW % share.

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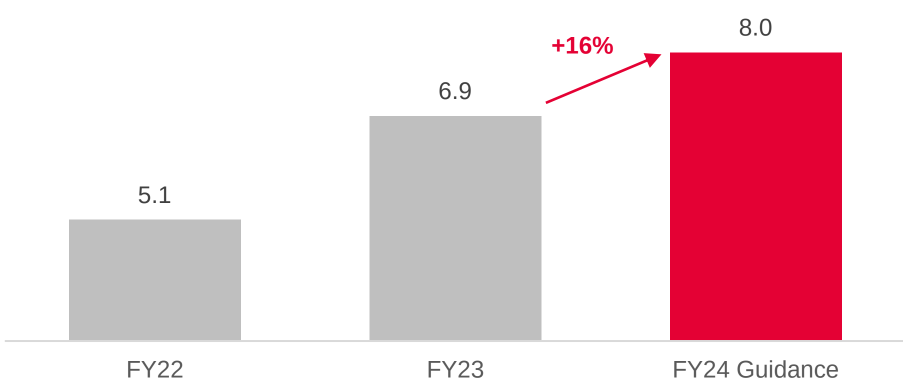
Outlook & guidance

FY24 guidance of 16% FFO per unit growth maintained

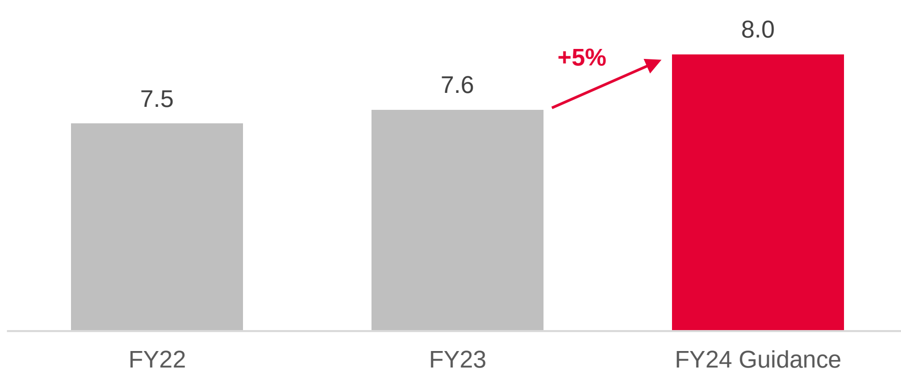
FY24 Outlook & Guidance

- FY24 FFO/unit guidance of 8.0 cents[1] and distribution guidance of 8.0 cents is reaffirmed
- 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

FY24 FFO/unit guidance (cents)



FY24 DPU guidance (cents)



Notes: 1. Assumes average 3 month BBSW of 4.55%.

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