



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

ASX RELEASE

25 March 2024

TRADING UPDATE

HealthCo Healthcare & Wellness REIT (ASX: HCW) notes the recent press speculation in relation to the proposed financial restructure of Healthscope Pty Ltd (HSO).

HSO is a tenant of 4 properties owned by HCW (Tranche 1 hospital portfolio) and 7 properties owned by the Unlisted Healthcare Fund (UHF) (Tranche 2/3 hospital portfolio).

HCW holds 49.6% of the units in UHF with the balance held by four major institutional investors.

We note that HSO and other private hospital operators are engaging with Private Health Insurers and Government around the ongoing impact of the recent premium increases provided by insurers. Update meetings between HMC Capital (ASX: HMC), HCW and HSO parties last week have provided more background around the situation.

HCW and UHF remain in a strong financial position in relation to the 11 hospital asset portfolio leased to HSO.

We provide the following background and observations in relation to the situation:

- HSO has met all lease payments and obligations under the lease terms, with no payments currently outstanding
- HCW and UHF own the 11 freehold hospital properties: HSO and its financial creditors have no interest in these properties beyond rights under the leases
- In addition, HCW and UHF have the benefit of cross default rights across the Tranche 1 hospital portfolio and separately the Tranche 2/3 hospital portfolio. If there is a default under one lease in the portfolio, there is a default under all leases in the portfolio and HCW/UHF is able to exercise its rights as lessor of such leased properties accordingly
- As part of the portfolio acquisition in 2023, HCW and UHF agreed to provide a 24 month period of rental support for HSO
- Based on the CY2023 actual financial results, the HCW and UHF owned assets reported strong financial cash flow coverage to meet lease payments

FY24 Guidance reaffirmed

HCW reaffirms FY24 FFO and DPU guidance of 8.0cpu, representing 16% and 5% growth over FY23, respectively.

HMC Capital Head of Real Estate, Sid Sharma, said *"We acknowledge that Healthscope is a leading national private hospital operator and support the company in its discussions with the private health insurers and Government. Healthscope operations in our freehold assets provide critical healthcare infrastructure and accommodate ~1,500 beds with over 373,000 patient day treatments in CY23."*

"As part of the 2023 real estate hospital acquisition, HCW and UHF provided financial support through lease restructuring. This has provided a strong cash flow service base for Healthscope in relation to our 11 freehold assets which remain in a strong financial and legal position."

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

For further information please contact:

INVESTORS

Andrew Dodds
HMC Capital Corporate Finance & IR Manager
+61 423 810 851
andrew.dodds@hmccapital.com.au

Christian Soberg
HCW Senior Portfolio Manager
+61 450 417 712
christian.soberg@hmccapital.com.au

MEDIA ENQUIRIES

John Frey
Corporate Communications Counsel
+61 411 361 361
john@brightoncomms.com.au

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 \$1.6 billion and development pipeline of approximately \$1 billion.

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. 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. No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to HCW as at the date of this announcement. Except as required by applicable laws or regulations, HCW does not undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.