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

ASX RELEASE

12 August 2024

APPENDIX 4E AND FY24 FINANCIAL REPORT

HealthCo Healthcare and Wellness REIT (ASX: HCW) provides the attached Appendix 4E and FY24 Financial Report.

This announcement is authorised for release 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 Fund 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 a large-scale development pipeline.

HealthCo Healthcare and Wellness REIT
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	HealthCo Healthcare and Wellness REIT
ARSN:	652 057 639
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

This Appendix 4E should be read in conjunction with the attached Directors' report which includes details of the results for the financial year.

	30 Jun 2024 $m	30 Jun 2023 $m	Change $m	Change %
Revenues from ordinary activities	73.8	49.1	24.7	50%
Revenue including income from the share of profit of equity-accounted investees	106.0	49.1	56.9	116%
Profit from ordinary activities after tax attributable to owners of HealthCo Healthcare and Wellness REIT	6.9	20.2	(13.3)	(66%)
Profit for the year attributable to owners of HealthCo Healthcare and Wellness REIT	6.9	20.2	(13.3)	(66%)
Profit for the year including non-controlling interest	7.3	21.2	(13.9)	(66%)

Refer to the attached Directors' report for detailed commentary on review of operations and financial performance.

3. Distributions

	30 Jun 2024 Amount per unit Cents
Interim distribution for the year ended 30 June 2024 declared on 18 September 2023. The distribution was paid on 29 November 2023 to unitholders registered on 29 September 2023.	2.000
Interim distribution for the year ended 30 June 2024 declared on 18 December 2023. The distribution was paid on 21 February 2024 to unitholders registered on 29 December 2023.	2.000
Interim distribution for the year ended 30 June 2024 declared on 21 March 2024. The distribution was paid on 22 May 2024 to unitholders registered on 28 March 2024.	2.000
Final distribution for the year ended 30 June 2024 declared on 6 June 2024. The distribution will be paid on 22 August 2024 to unitholders registered on 28 June 2024.	2.000

4. Distribution reinvestment plans (DRP)

For the year ended 30 June 2024, HealthCo Healthcare and Wellness REIT ('HCW') operated a DRP under which unitholders could elect to reinvest all or part of their distributions in new units rather than being paid in cash. The DRP price is determined as the average of the daily volume weighted average price (VWAP) of units sold on the Australian Securities Exchange (ASX) during a nominated five-day period, between the announcement date and payment date of the respective distribution, less a discount (if any). In April 2024, HCW announced an on-market unit buy-back which commenced on 8 May 2024. In light of the on-market unit buy-back, HCW suspended the DRP effective from 6 June 2024.

The DRP price for the quarters ended 30 September 2023, 31 December 2023 and 31 March 2024 did not include a discount. Refer note 18 to the consolidated financial statements for details of equity raised under the DRP.

5. Net tangible assets

	30 Jun 2024 $	30 Jun 2023 $
Net tangible assets per unit	1.64	1.70

The net tangible assets calculation above includes right-of-use assets, lease liabilities and fair value of derivatives.

6. Loss of control over entities

Name of entity	HMC Wholesale Healthcare Fund (HWHF) (formerly referred as Healthcare and Life Sciences Unlisted Fund)
Date control lost	28 September 2023

	$m
Contribution of such entities to the reporting entity's profit from ordinary activities during the period (where material)	2.7
Profit from ordinary activities of the controlled entity (or group of entities) for the whole of the previous period (where material)	56.3

7. Details of joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss)	
Name of joint venture	**30 Jun 2024 %**	**30 Jun 2023 %**	**30 Jun 2024 $m**	**30 Jun 2023 $m**
General Medical Precinct Trust	27.4%	25.0%	-	-
Life Sciences Medical Precinct Trust	31.9%	30.7%	-	-
HMC Wholesale Healthcare Fund (HWHF) (formerly referred as Healthcare and Life Sciences Unlisted Fund)	49.6%	-	32.2	-
Aggregate share of joint venture entities' profit				
Profit from ordinary activities			32.2	-

Refer to note 12 to the consolidated financial statements for further details.

8. Information about audit or review

The consolidated financial statements have been audited and an unmodified opinion has been issued.

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9. Attachments

The Annual Report of HealthCo Healthcare and Wellness REIT for the year ended 30 June 2024 is attached.

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10. Signed

As authorised by the Board of Directors

Signed ______________________________ Date: 9 August 2024

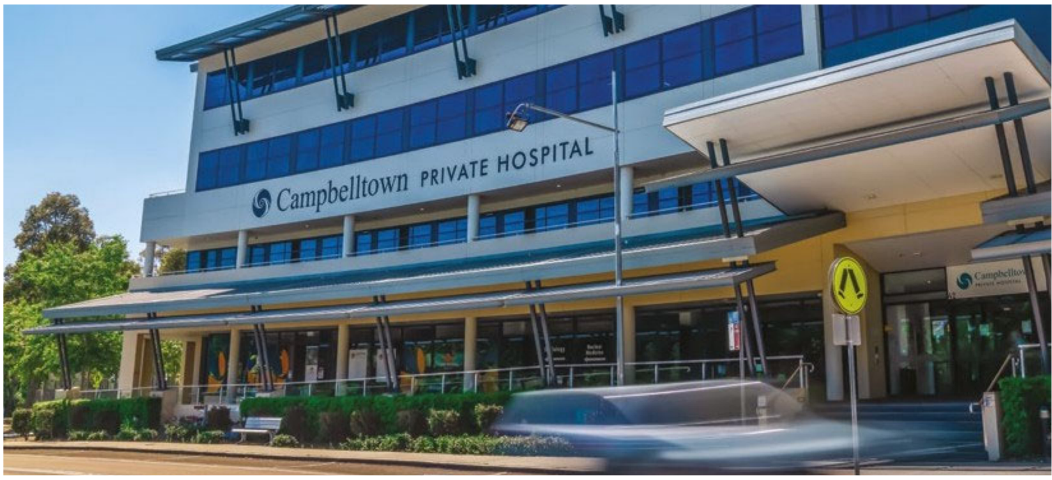
Joseph Carrozzi AM
Independent Non-Executive Chair

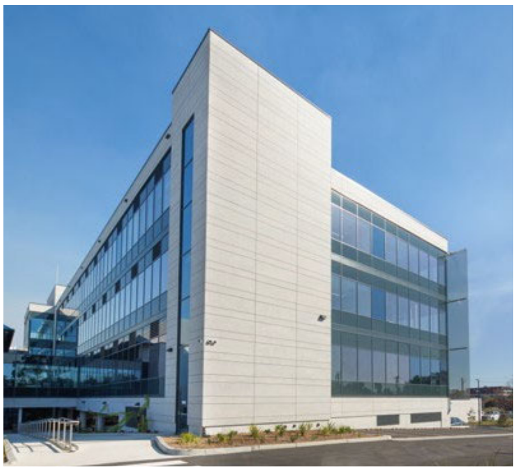
HealthCo Healthcare and Wellness REIT

HCW Funds Management Limited
ACN 104 438 100 AFSL 239882

Annual Report

For the year ended 30 June 2024





The directors of HCW Funds Management Limited (ABN 58 104 438 100, AFSL 239882) (the Responsible Entity), present their report together with the consolidated financial statements of HealthCo Healthcare and Wellness REIT. The consolidated financial statements cover HealthCo Healthcare and Wellness REIT (the Trust or HCW) and the entities it controlled at the end of, or during the financial year ended 30 June 2024 (collectively referred to as the group).

HCW Funds Management Limited is ultimately owned by HMC Capital Limited (ASX: HMC).

Directors

The following persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Joseph Carrozzi AM	Independent Non-Executive Chair
Stephanie Lai	Independent Non-Executive Director
Natalie Meyenn	Independent Non-Executive Director
Dr Chris Roberts AO	Independent Non-Executive Director
David Di Pilla	Non-Executive Director
The Hon. Kelly O'Dwyer	Non-Executive Director

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia. The principal activity of the group is the investment in a portfolio of healthcare property assets including hospitals, aged care, childcare, government, life sciences and research, primary care and wellness property assets as well as other healthcare and wellness property adjacencies. The group did not have any employees during the year.

Review of operations and financial performance

The group’s financial performance for the financial year was materially influenced by the active undertaking of investment activities, including an asset recycling program which led to the reduction in the portfolio from 39 properties as at 30 June 2023 to 25 properties as at 30 June 2024, and the group's interest in the HMC Wholesale Healthcare Fund (HWHF) (formerly referred as Healthcare and Life Sciences Unlisted Fund).

A summary of the group's financial performance for the year ended 30 June 2024 is detailed below.

	Consolidated 30 Jun 2024 $'m	Consolidated 30 Jun 2023 $'m
Property and other income*	106.0	49.1
Profit for the year	7.3	21.2
Funds from operations ('FFO')	45.3	25.5
Weighted average units on issue (million)	566.9	371.6
FFO per unit (cents)	8.0	6.9
Distribution per unit (cents)	8.0	7.6

* Property and other income includes share of profit of equity-accounted investees, net of tax and interest income.

The group recorded property and other income of $106.0 million (30 June 2023: $49.1 million), a profit of $7.3 million (30 June 2023: $21.2 million) and FFO of $45.3 million (30 June 2023: $25.5 million) for the financial year ended 30 June 2024. FFO is a financial measure which is not prescribed by Australian Accounting Standards and represents the group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash, unrealised or capital in nature. The directors consider FFO to represent the core earnings of the group.

A reconciliation between profit and FFO for the financial year ended 30 June 2024 is detailed below.

	Consolidated 30 Jun 2024 $'m	Consolidated 30 Jun 2023 $'m
Profit for the year	7.3	21.2
Straight lining and amortisation of rental income	(0.7)	0.5
Acquisition and transaction costs	1.3	15.0
Loss on deconsolidation of interest in a subsidiary	26.4	-
Rent guarantee income	0.1	2.5
Amortisation of borrowing costs	2.5	3.4
Net fair value movements	23.5	(18.0)
Proxima coupon	3.2	1.3
Share of profit of equity-accounted investees	(32.2)	-
Distribution of profits of equity-accounted investees	14.5	-
Other	(0.6)	(0.4)
FFO	45.3	25.5

Summary of financial position
A summary of the group's financial position as at 30 June 2024 is outlined below.

	Consolidated 30 Jun 2024 $'m	Consolidated 30 Jun 2023 $'m
Assets		
Investment properties (including assets held for sale)	1,017.2	1,667.1
Total assets	1,441.4	1,724.5
Net assets	919.9	958.3
Net tangible assets	919.9	958.3
Number of units on issue (million)	561.7	562.8
Net tangible assets ($ per unit)	1.64	1.70
Capital management		
Debt facility limit	550.0	1,100.0
Drawn debt	481.3	711.7
Cash and undrawn debt	88.6	395.9
Gearing ratio (%)*	32.5%	41.1%
Hedged debt (%)	77.9%	80.8%
Cost of debt (% per annum)**	5.5%	4.9%

* 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 right-of-use assets.
** Cost of debt excludes undrawn commitment fees.

The capital management information above is presented on a fully consolidated basis. Refer notes 16 and 18 to the consolidated financial statements for further details.

Property portfolio:
As at 30 June 2024, the group owned 25 (30 June 2023: 39) investment properties including assets held for sale with a combined value of $1,017.2 million (30 June 2023: $1,667.1 million).

The movement in investment properties during the financial year was primarily driven by the group's asset recycling program and the deconsolidation of HWHF on 28 September 2023. HWHF was subsequently recognised as an equity accounted investment.

At 30 June 2024, 7 investment properties were independently valued with the remaining investment properties being internally valued. The weighted average capitalisation rate of the portfolio was 5.44% (30 June 2023: 5.03%).

Asset recycling program:
As part of the group's asset recycling program, the group settled on 11 properties for a total consideration of $116.7 million in the year.

In May 2024, the group entered into a contract for the sale of Concord. The contract became unconditional and the asset was recognised as asset held for sale as at 30 June 2024. The asset is expected to settle in August 2024 for $13.2 million.

Refer to notes 11 and 13 to the consolidated financial statements for details of the asset sales and asset held for sale.

Capital management:
The group had $88.6 million in cash and undrawn debt as at 30 June 2024. 77.9% of drawn debt was hedged as at 30 June 2024 (30 June 2023: 80.8%) and the cost of debt was 5.5% per annum as at 30 June 2024 (30 June 2023: 4.9% per annum).

Selective unit buy-back and subsequent bonus unit issue:
In December 2023, the Responsible Entity executed an off-market selective buy-back of 3,486,061 units from Home Consortium Developments Pty Ltd in pursuant to the selective buy-back agreement, as approved by unitholders by special resolution at an Extraordinary General Meeting held on 24 July 2023. Subsequently, these units were cancelled and 3,486,061 units were issued to eligible unitholders who participated in the capital raising.

On-market unit buy-back
In April 2024, the Responsible Entity announced an on-market unit buy-back of fully paid ordinary units in HCW for up to $50.0 million of units. The Responsible Entity will only buy back units at such times as are considered beneficial to the efficient capital management of the group, and the Responsible Entity reserves the right to suspend or terminate the buy-back at any time. The Responsible Entity purchased 6,656,320 units on issue in the year ended 30 June 2024.

Distributions
Distributions declared during the financial year were as follows:

	Distribution per unit (cents)	Total distribution $'m	Ex-distribution date	Record date	Payment date
September 2023	2.000	11.3	28 September 2023	29 September 2023	29 November 2023
December 2023	2.000	11.4	28 December 2023	29 December 2023	21 February 2024
March 2024	2.000	11.3	27 March 2024	28 March 2024	22 May 2024
June 2024	2.000	11.2	27 June 2024	28 June 2024	22 August 2024
	8.000	45.2			

The final distribution for the year ended 30 June 2023 of $11.3 million, or 2.00 cents per unit, was paid on 30 August 2023.

For the year ended 30 June 2024, the group operated a DRP under which unitholders could elect to reinvest all or part of their distributions in new units rather than being paid in cash. The DRP price is determined as the average of the daily volume weighted average price (VWAP) of units sold on the Australian Securities Exchange during a nominated five-day period, between the announcement date and payment date of the respective distribution, less a discount (if any).

In April 2024, the Responsible Entity announced an on-market unit buy-back which commenced on 8 May 2024. In light of the on-market unit buy-back, the Responsible Entity suspended the DRP effective from 6 June 2024. The DRP price for the quarters ended 30 September 2023, 31 December 2023 and 31 March 2024 did not include a discount. Refer to note 18 to the consolidated financial statements for details of equity raised during the year.

Significant changes in the state of affairs

Healthscope Hospital Portfolio acquisition and the group's interest in HWHF

In March 2023, entities managed by HMC Capital Limited (HMC or HMC Capital), including the group, entered into arrangements to acquire from Medical Properties Trust, Inc (NYSE: MPW), a 100% interest in 11 private hospitals leased to Healthscope across three tranches. As at 30 June 2023, the group had a direct 100% interest in Tranche 1 (4 hospitals) and a 100% interest in HWHF, which had a direct 100% interest in Tranche 2 (3 hospitals).

On 28 September 2023, HWHF issued new units to external investors. The equity raising reduced HCW's ownership interest in HWHF from 100% to 49.6%. Consequently, the group lost control and stopped consolidating HWHF. The units were issued at a price which was consistent with the valuation of Tranches 2 and 3 as at 31 March 2023, and lower than the net asset value at 28 September 2023. HCW's retained interest in HWHF has been accounted for as an equity accounted investment.

In October 2023, HWHF settled on Tranche 3 (4 hospitals) for $470.0 million.

Extraordinary general meeting of unitholders

In July 2023, an extraordinary general meeting of unitholders of the group was held to obtain unitholder approval for three resolutions relating to HMC's participation in, and support of, the capital raising. This included a resolution to amend the Investment Management Agreement to permit the payment of acquisition or disposal fees by way of issues of units to the investment manager, HMC, in lieu of cash, in order to reduce the group's upfront cash funding from the Healthscope Hospital Portfolio Acquisition. All three resolutions were approved.

There were no other significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

In July 2024, the Responsible Entity settled the purchase of 705,000 units as part of the on-market unit buy-back of fully paid ordinary units in HCW for the period 8 May 2024.

In July and August 2024, the group entered into contracts for the sale of Frankston in Victoria and Woolloongabba in Queensland. The contracts became unconditional and the sale of the asset is expected to settled in September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

Group objectives

The group'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.

Risk considerations

Financial risks

The group's primary source of income is generated through the leasing arrangements it has with tenants across the portfolio. The group has sought to protect its property income by maintaining a diversified exposure across geographies, tenants and target subsectors of healthcare and wellness and targeting stable income characteristics including long leases, contracted rental escalations (including CPI and fixed escalations), sustainable rents and strong tenant covenants.

A key economic risk for the group relates to interest rate movements and the impact of this on property capitalisation rates and the cost of debt funding. The group seeks to mitigate this risk by investing in quality properties and, maintaining an appropriate capital structure with a target gearing ratio of 30% - 40% (Target Range). Following the Hospital Portfolio Acquisition, the group initiated an asset sale program to maintain gearing within the Target Range.

Sustainability and climate-related and environmental risks
Sustainability is a key element of the group's business approach, driven by the belief that sustainable investments are aligned to long-term value creation and should not be dilutive to returns. HMC Capital Limited has established a sustainability subcommittee of the HMC Capital Board that governs HMC Capital's sustainability strategy and initiatives across its managed funds, including the group. HMC Capital are signatory to the United Nations Principal for Responsible Investing (UNPRI) and a Global Real Estate Sustainability Benchmark (GRESB) participating member. These two organisations provide an investment and reporting framework to help shape the group's future strategies and risk framework.

The geographic diversity of the group's portfolio limits the exposure to physical climate events to localised occurrences. The group also undertakes detailed due diligence on property acquisitions to assess environmental risks including contamination as well as any potential exposure to climate related events.

The group has considered the impact of environmental, social and governance ('ESG') risk as well as the volatile economic environment in preparing its consolidated financial statements and in the exercise of critical accounting assumptions and estimates, including impacts occurring during the reporting period and the uncertainty of future effects. The group will continue to monitor these risks and the impact they have on the consolidated financial statements.

Environmental regulation
The directors of the Responsible Entity are satisfied that adequate systems are in place to manage the group's environmental responsibility and compliance with regulations. The directors of the Responsible Entity are not aware of any material breaches of environmental regulations and, to the best of their knowledge and belief, all activities have been undertaken in compliance with environmental requirements.

Fees paid to and interests held in the group by the Responsible Entity
Fees paid to the Responsible Entity and its associates by the group during the year are disclosed in note 26 to the consolidated financial statements. The Responsible Entity was reimbursed $0.8 million (2023: $0.7 million) relating to Non-Executive Directors' remuneration. The number of units in the group held by associates is disclosed below.

Unitholding relating to key management personnel
The number of units in the group held during the year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

Ordinary units	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Joseph Carrozzi AM	351,482	-	34,491	-	385,973
Stephanie Lai	265,022	-	3,263	-	268,285
Natalie Meyenn	60,497	-	40,272	-	100,769
Dr Chris Roberts AO	1,017,001	-	97,894	(9,636)	1,105,259
David Di Pilla	763,156	-	9,397	-	772,553
The Hon. Kelly O'Dwyer	79,678	-	33,982	-	113,660
	2,536,836	-	219,299	(9,636)	2,746,499

Units under option
There were no unissued ordinary units of the Trust under option outstanding at the date of this report.

Units issued on the exercise of options
There were no ordinary units of HealthCo Healthcare and Wellness REIT issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers
The Responsible Entity has indemnified the directors of the Trust for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Trust paid a premium in respect of a contract to insure the directors of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Trust has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Trust or any related entity against a liability incurred by the auditor. During the financial year, the Trust has not paid a premium in respect of a contract to insure the auditor of the Trust or any related entity.

Proceedings on behalf of the Trust
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Trust, or to intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or part of those proceedings.

Information on directors

Name:	Joseph Carrozzi AM
Title:	Independent Non-Executive Chair
Experience and expertise:	Joseph is admitted as a barrister and has over 25 years of experience as a managing partner in the Big 4 professional services firms. He has significant experience in infrastructure, health and medical research as well as sectors which are highly regulated. He is currently the Chair of the Centenary Institute for Medical Research, the Angus Knight Group (a private employment services business), as well as a board member of the National Intermodal Corporation, the NSW Business Chamber, Football Australia, Aurrum Pty Ltd and ServiceGen Pty Ltd. Joseph was formerly Chair of the Sydney Harbour Federation Trust and Deputy Chair of the NSW Institute of Sport. He has degrees in Laws and Commerce from UNSW and is on the UNSW Dean’s Advisory Council for the Faculty of Medicine.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in units:	385,973 ordinary units

Name:	Stephanie Lai
Title:	Independent Non-Executive Director
Experience and expertise:	Stephanie has over 25 years of experience, is a Chartered Accountant and is a former Transaction Services partner of Deloitte and KPMG. She has significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity. Stephanie has a Bachelor of Business from the University of Technology, Sydney and is a Graduate Member of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.
Other current directorships:	Non-Executive Director of Future Generation Investment Company Limited (ASX: FGX) (appointed on 27 March 2019), Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) (appointed on 16 October 2020) and Non-Executive Director of Abacus Storage Operations Limited and Abacus Storage Funds Management Limited as Responsible Entity of Abacus Storage Property Trust (ASX: ASK) (appointed on 13 June 2023)
Former directorships (last 3 years):	Non-Executive Director of Superloop Limited (ASX: SLC) (retired on 1 March 2023)
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in units:	268,285 ordinary units

Name:	Natalie Meyenn
Title:	Independent Non-Executive Director
Experience and expertise:	Natalie has over 25 years of experience in financial services and investing globally. She was Head and Chair of the Investment Committee for MLC Private Equity, and is currently co-founder of an agriculture investment firm and adviser and/or investment committee member to a small number of asset management, private equity and non-profits including New Energy Nexus and Yielco Investments. She worked in investment banking (M&A, capital markets and public finance) for Goldman Sachs and Bear Stearns in New York and Sydney and for the World Bank on micro-credit, project finance and climate impact mitigation in Asia, Africa and the Pacific Islands.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in units:	100,769 ordinary units

Name:	Dr Chris Roberts AO
Title:	Independent Non-Executive Director
Experience and expertise:	Chris has over 40 years of experience in the medical device industry serving a number of senior management positions. He was the former CEO of Cochlear from 2004 to 2015 and is presently a member of the Cochlear Foundation Board and a Non-Executive Director of Sigma Healthcare Limited (ASX: SIG), Clarity Pharmaceuticals Limited (ASX: CU6), HMC Capital Partners Fund 1, Atmo Biosciences Ltd, Centenary Institute of Medical Research and Nutromics Pty Ltd. He was also the Executive Vice President of ResMed from 1992 to 2003, and a director until 2017. Chris was a former Chair of Research Australia from 2004 to 2010.
Other current directorships:	Non-Executive Director of Sigma Healthcare Limited (ASX: SIG) (appointed on 6 October 2023) and Non-Executive Director of Clarity Pharmaceuticals Limited (ASX: CU6) (appointed on 29 March 2016)
Former directorships (last 3 years):	Chair of OncoSil Medical Limited (ASX: OSL) (resigned on 19 October 2021) and Chair of The Engineering and Design Institute London (TEDI London) (resigned on 19 May 2023)
Interests in units:	1,105,259 ordinary units

Name:	David Di Pilla
Title:	Non-Executive Director
Experience and expertise:	David led the team that founded the consortium which led to the ultimate establishment of HMC Capital in 2016. Since this time, the HMC Group has grown from its initial Masters portfolio to today being a diversified alternative asset manager with assets under management of over $12.5 billion. David has over 30 years of experience in investment banking, strategic advisory and consulting, and corporate leadership as a Director and CEO. During his 20-year investment banking career, David was Managing Director of UBS Investment Bank for over 15 years and during this time led some of Australia's landmark transactions across corporate M&A, Equity & Debt Capital Markets. Prior to his time at UBS, David reached the position of Vice President, Investment Banking at JP Morgan.
Other current directorships:	Executive Director of HMC Capital Limited (ASX: HMC) (appointed on 11 October 2017) and Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) (appointed on 18 September 2020)
Former directorships (last 3 years):	None
Interests in units:	772,553 ordinary units

Name:	The Hon. Kelly O'Dwyer
Title:	Non-Executive Director
Experience and expertise:	Kelly is a Non-Executive Director of EQT Holdings Limited (ASX: EQT), HMC Capital Limited (ASX: HMC), Barrenjoey Capital Partners Group Holdings Pty Ltd and the National Reconstruction Fund Corporation. Kelly previously served in the Australian Parliament as a Senior Cabinet Minister holding a number of key economic portfolios including Minister for Jobs and Industrial Relations, Minister for Revenue and Financial Services, Minister for Small Business, and Assistant Treasurer. She also served on the Cabinet's Budget Committee (the Expenditure Review Committee) and held the portfolios of Minister for Women, as well as Minister Assisting the Prime Minister with the Public Service. Prior to entering Parliament, Kelly worked in law, government and finance and brings insights across a range of sectors including funds management, superannuation, workplace relations, foreign investment, law and banking. Kelly holds a Bachelor of Laws (Hons) and Bachelor of Arts from The University of Melbourne.
Other current directorships:	Non-Executive Director of EQT Holdings Limited (ASX: EQT) (appointed on 29 March 2021) and Non-Executive Director of HMC Capital Limited (ASX: HMC) (appointed on 18 November 2020)
Former directorships (last 3 years):	None
Interests in units:	113,660 ordinary units

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Andrew Selim joined HMC Capital as a senior executive in 2017 and is Group General Counsel and Company Secretary. He is responsible for all legal, compliance and governance activities of HMC Capital and its managed funds. He was appointed as Company Secretary of the Responsible Entity of HCW on 28 July 2021. Andrew has over 20 years of local and international experience in real estate, funds management and corporate law. Before joining the group, Andrew was Senior Legal Counsel and Company Secretary at GPT Group. Prior to that, he was a Senior Associate at Allens Linklaters. Andrew holds a Master of Laws, Bachelor of Laws (Honours) and Bachelor of Science (Advanced), all from the University of Sydney and is admitted to practice as a solicitor in Australia, England and Wales. He is also a Graduate of the Australian Institute of Company Directors and is a Member of the Governance Institute of Australia and Association of Corporate Counsel Australia. He previously sat on the Law Society of New South Wales In-House Corporate Lawyers Committee and was previously Chair of the Property Council of Australia's Future Leaders Mentoring Program Subcommittee. Andrew has also been recognised by The Legal 500 GC Powerlist, Australasian Lawyer and Doyles Guide as a leading in-house lawyer.

Meetings of directors
The number of meetings of the Trust's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	**Held**	**Attended**	**Held**
Joseph Carrozzi AM	9	9	5	5
Stephanie Lai	8	9	-	-
Natalie Meyenn	8	9	5	5
Dr Chris Roberts AO	9	9	5	5
David Di Pilla	9	9	-	-
The Hon. Kelly O'Dwyer	9	9	-	-

Held: represents the number of meetings held during the time the director held office.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Trust who are former partners of KPMG
Stephanie Lai was appointed as a director of the company on 1 August 2021. She is a former partner of KPMG, the current auditor, having been a partner until 2009.

Rounding of amounts
The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Joseph Carrozzi AM	David Di Pilla
Independent Non-Executive Chair	Non-Executive Director

9 August 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of HCW Funds Management Limited, the Responsible Entity of HealthCo Healthcare and Wellness REIT

I declare that, to the best of my knowledge and belief, in relation to the audit of HealthCo Healthcare and Wellness REIT, for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J.Davis

Jessica Davis

Partner

Sydney

9 August 2024

HealthCo Healthcare and Wellness REIT
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Income			
Property income	5	72.0	47.7
Interest income		1.8	1.4
Share of profit of equity-accounted investees, net of tax	12	32.2	-
Net change in assets at fair value through profit or loss	6	(23.5)	18.0
Expenses			
Property expenses		(9.4)	(10.2)
Corporate expenses		(2.9)	(2.2)
Management fees	26	(7.6)	(5.7)
Acquisition and transaction costs	7	(1.3)	(15.0)
Finance costs	7	(27.6)	(12.8)
Loss on deconsolidation of interest in a subsidiary	12	(26.4)	-
Profit for the year		7.3	21.2
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7.3	21.2
Profit for the year is attributable to:			
Non-controlling interest	28	0.4	1.0
Owners of HealthCo Healthcare and Wellness REIT		6.9	20.2
		7.3	21.2
Total comprehensive income for the year is attributable to:			
Non-controlling interest		0.4	1.0
Owners of HealthCo Healthcare and Wellness REIT		6.9	20.2
		7.3	21.2
		Cents	Cents
Basic earnings per unit	29	1.22	5.44
Diluted earnings per unit	29	1.22	5.44

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

HealthCo Healthcare and Wellness REIT
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Assets			
Current assets			
Cash and cash equivalents	8	19.9	7.6
Trade and other receivables	9	9.2	6.1
Other assets	10	10.4	10.2
		39.5	23.9
Assets held for sale	11	13.2	41.4
Total current assets		52.7	65.3
Non-current assets			
Investments accounted for using the equity method	12	379.5	11.9
Investment properties	13	1,004.0	1,625.7
Derivative financial instruments	14	5.2	21.6
Total non-current assets		1,388.7	1,659.2
Total assets		1,441.4	1,724.5
Liabilities			
Current liabilities			
Trade and other payables	15	29.2	51.2
Distributions payable	19	11.2	11.3
Lease liabilities	17	0.2	-
Total current liabilities		40.6	62.5
Non-current liabilities			
Borrowings	16	478.0	700.6
Lease liabilities	17	2.9	3.1
Total non-current liabilities		480.9	703.7
Total liabilities		521.5	766.2
Net assets		919.9	958.3
Equity			
Contributed equity	18	939.6	939.9
(Accumulated losses)/retained profits		(27.0)	11.3
Equity attributable to the owners of HealthCo Healthcare and Wellness REIT		912.6	951.2
Non-controlling interest	28	7.3	7.1
Total equity		919.9	958.3

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

HealthCo Healthcare and Wellness REIT
Consolidated statement of changes in equity
For the year ended 30 June 2024

	Contributed equity $m	Retained profits $m	Non-controlling interest $m	Total equity $m
Balance at 1 July 2022	628.9	25.2	-	654.1
Profit for the year	-	20.2	1.0	21.2
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	20.2	1.0	21.2
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	311.0	-	-	311.0
Non-controlling interests (note 28)	-	-	6.1	6.1
Distributions paid (note 19)	-	(34.1)	-	(34.1)
Balance at 30 June 2023	939.9	11.3	7.1	958.3

	Contributed equity $m	Retained profits/ (accumulated losses) $m	Non-controlling interest $m	Total equity $m
Balance at 1 July 2023	939.9	11.3	7.1	958.3
Profit for the year	-	6.9	0.4	7.3
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	6.9	0.4	7.3
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	7.4	-	-	7.4
Non-controlling interests (note 28)	-	-	(0.2)	(0.2)
Share buy-back (note 18)	(7.7)	-	-	(7.7)
Distributions declared (note 19)	-	(45.2)	-	(45.2)
Balance at 30 June 2024	939.6	(27.0)	7.3	919.9

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

HealthCo Healthcare and Wellness REIT
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Cash flows from operating activities			
Receipts from tenants (inclusive of GST)		59.8	45.1
Payments to suppliers (inclusive of GST)		(25.8)	(12.6)
Interest received		0.3	0.9
Interest and other finance costs paid		(27.9)	(10.7)
Net cash from operating activities	30	6.4	22.7
Cash flows from investing activities			
Proceeds from disposal of investment properties		116.7	84.1
Payment for acquisition of investment properties and capital expenditure		(78.0)	(1,018.6)
Payments attributable to investment in joint ventures	12	(1.6)	(27.4)
Distributions from joint ventures and associates		10.5	-
Cash balance held by subsidiary on deconsolidation		(6.1)	-
Net cash from/(used in) investing activities		41.5	(961.9)
Cash flows from financing activities			
Proceeds from issue of units	18	-	320.0
Capital raising costs	18	(0.1)	(8.3)
Proceeds from borrowings	30	67.5	1,012.6
Repayment of borrowings	30	(48.0)	(325.9)
Borrowing costs paid		(1.7)	(11.6)
Payment for derivative financial instruments		-	(13.1)
Payments for units bought back	18	(8.1)	-
Distributions paid	30	(45.1)	(29.5)
Repayment of lease liabilities		(0.1)	(0.1)
Net cash (used in)/from financing activities		(35.6)	944.1
Net increase in cash and cash equivalents		12.3	4.9
Cash and cash equivalents at the beginning of the financial year		7.6	2.7
Cash and cash equivalents at the end of the financial year	8	19.9	7.6

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The consolidated financial statements cover HealthCo Healthcare and Wellness REIT (the Trust or HCW) as a consolidated entity consisting of HealthCo Healthcare and Wellness REIT and the entities it controlled at the end of, or during, the year (collectively referred to hereafter as the group). The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

HCW is a listed, for-profit public investment trust, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7 Gateway
1 Macquarie Place
Sydney NSW 2000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the consolidated financial statements.

HCW Funds Management Limited (ABN 58 104 438 100) (AFSL 239882) ('Responsible Entity') is the responsible entity of the Trust.

The Responsible Entity has appointed HMC Property Management Pty Limited (the 'Property Manager') and HMC Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management, development management, leasing and property management services to the group in accordance with the Investment Management Agreement and Property Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are ultimately owned by HMC Capital Limited (ASX: HMC).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 August 2024.

Note 2. Material accounting policy information

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the group:

Amendments to AASB 101 and AASB Practice Statement 2

The group adopted disclosure of accounting policies (Amendments to AASB 101 and AASB Practice Statement 2) from 1 July 2023. The amendments did not result in any changes to the accounting policies themselves or the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Net current assets

As at 30 June 2024, the group was in a net current asset position of $12.1 million (30 June 2023: $2.8 million). The net assets include $13.2 million in assets held for sale (30 June 2023: $41.4 million). As detailed in note 16, the group has access to an undrawn bank debt facility of $68.7 million as at 30 June 2024 (30 June 2023: $388.3 million, inclusive of HWHF's undrawn bank facility of $320.1 million). Accordingly, the financial statements continue to be prepared on a going concern basis.

The directors of the responsible entity have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis, as they believe that the group will comply with its future financial covenants and be able to pay its debts as and when they become due and payable from cash flows from operations and available finance facilities for at least 12 months from the date of approval of these consolidated financial statements.

Note 2. Material accounting policy information (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of investment properties and derivative financial instruments at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with section 295(2)(b) of the Corporations Act 2001, these financial statements present the consolidated results of the group. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HealthCo Healthcare and Wellness REIT ('Trust' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'), which is the Board of Directors of the Responsible Entity. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Material accounting policy information (continued)

Revenue recognition
The group recognises revenue as follows:

Property rental income
Property rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

Other property income
Other property income represents direct and indirect outgoings recovered from tenants. The group recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Leasing costs and tenant incentives

Leasing costs
Leasing costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, fees and costs of preparing and processing documentation for new leases). These costs are capitalised and amortised on a straight-line basis over the term of the lease.

Tenant incentives
Incentives such as cash, rent-free periods, lessee or lessor owned fit-outs may be provided to lessees to enter into a lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of tenant incentives is reflected in the fair value of investment properties.

Management fees and other expenses
All expenses are recognised on an accrual basis. Management fees are recognised as the services are rendered. The services relate to property and fund management roles provided by the Property Manager and Investment Manager collectively known as the Manager(s). Management fees are charged in accordance with the management fee arrangements.

Income tax
The Trust is intended to be treated as a 'flow-through' entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the Trust will be taxable in the hands of the unitholders on an attribution basis.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Material accounting policy information (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Debts that are known to be uncollectable are written off when identified.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Movements in fair value are recognised directly in profit or loss. Derivatives are classified as current or non-current depending on the expected period of realisation.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current asset and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Distributions received or receivable from associates reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Note 2. Material accounting policy information (continued)

The group’s investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the group’s share of the results of operations of the joint venture. Any change in other comprehensive income (‘OCI') of those investees is presented as part of the group’s OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture. The financial statements of the joint venture are prepared using the same accounting policies and for the same reporting period as the group.

Investment properties
Investment properties comprise of freehold investment properties held at fair value through profit or loss.

Freehold properties are held for long-term rental yields and capital appreciation. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured at each reporting date at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties are derecognised when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected from its disposal. Gains or losses resulting from the disposal of freehold property are measured as the difference between the carrying value of the asset and disposal proceeds at the date of disposal and are recognised when control over the property has been transferred.

The group recognises the right-of-use asset as investment property. Right-of-use assets are measured at fair value which reflects the expected cash flows, including variable lease payments that are expected to become payable. The value of any recognised lease liability is then added back to the fair value to determine the carrying value of the investment property

Rental guarantees
Rental guarantees income relating to investment property are capitalised in the statement of financial position. They are measured at fair value, equal to the net present value of expected future cash flows under the guarantee arrangements. The guarantee payments relating to the property are recorded in FFO as an adjustment to net profit over the period of the guarantee.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and amortised over the period of the facility to which it relates.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; the certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Material accounting policy information (continued)

Finance costs
Finance costs are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For reoccurring and non-recurring fair value measurements, external valuers may be used with all investment properties having an external valuation at least once every two years. External valuers are selected based on market knowledge and reputation. Under the group’s valuation policy, where there is a significant change in the fair value of an asset or liability from one period to another, an analysis is undertaken, which includes verification of major inputs applied to the latest valuation and comparison, where applicable with external sources of data.

Contributed capital
Units issued by the Trust are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

Distributions
Distributions are recognised when declared during the financial year and no longer at the discretion of the Trust.

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the financial year but not distributed at the reporting date.

Earnings per unit

Basic earnings per unit
Basic earnings per unit is calculated by dividing the profit attributable to the owners of HealthCo Healthcare and Wellness REIT, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted earnings per unit
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 2. Material accounting policy information (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
No comparatives in the consolidated financial statements have been restated except for Note 28.

Rounding of amounts
The Trust is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2024. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (AASB 2020-1)
AASB 2020-1 amendments provide clarification on the requirements for classifying liabilities as current or non-current. The effective date is for annual reporting periods commencing from 1 January 2024. The group has not yet assessed the impact of the amendment but does not expect the impact of the adoption of AASB 2020-1 will be significant.

IFRS 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027, assuming the AASB releases an equivalent standard, and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy
The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis, the capitalisation method or the use of observable inputs that require significant adjustments based on unobservable inputs.

The fair value assessment of investment property as at 30 June 2024 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance. Refer to note 21 for details of valuation techniques used.

Note 4. Operating segments

The group's operating segments are based on the internal reports that are reviewed and used by the board of directors of the Responsible Entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The directors of the Responsible Entity have determined that there is one operating segment being its Australian operations.

The CODM monitors the performance of the business on the basis of Funds from Operations (FFO). FFO represents the group's underlying and recurring earnings from its operations, and is determined by adjusting the statutory profit or loss for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

The information reported to the CODM is on a quarterly basis.

Refer to consolidated statement of financial position for segment assets and liabilities.

Major customers
During the financial year ended 30 June 2024, approximately 34.5% (30 June 2023: 10.0%) of the group's external revenue was derived from rental income from one main tenant (30 June 2023: One tenant).

Segment results

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Funds from operations (FFO)	45.3	25.5
Straight lining and amortisation of rental income	0.7	(0.5)
Acquisition and transaction costs	(1.3)	(15.0)
Loss on deconsolidation of interest in a subsidiary	(26.4)	-
Rent guarantee income	(0.1)	(2.5)
Amortisation of borrowing costs	(2.5)	(3.4)
Net fair value movements	(23.5)	18.0
Proxima coupon	(3.2)	(1.3)
Share of profit of equity-accounted investees	32.2	-
Distribution of profits of equity-accounted investees	(14.5)	-
Other	0.6	0.4
Profit for the year	7.3	21.2

Note 5. Property income

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Property rental income	64.0	40.2
Other property income	8.0	7.5
Property income	72.0	47.7

Note 5. Property income (continued)

Disaggregation of revenue
Revenue from property rental is recognised on a straight-line basis over the lease term. Other property income is recognised over time as services are rendered.

Note 6. Net change in assets at fair value through profit or loss

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Net unrealised fair value loss on investment properties	(18.9)	(3.5)
Net fair value loss on investment properties - leasehold	(0.1)	(0.1)
Net unrealised fair value (loss)/gain on derivatives	(4.5)	21.6
	(23.5)	18.0

Note 7. Expenses

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Profit includes the following specific expenses:		
Acquisition and transaction costs:		
Transaction costs	1.3	15.0
Finance costs		
Interest and finance charges on borrowings	25.1	9.4
Interest and finance charges on lease liabilities	0.2	0.2
Amortisation of capitalised borrowing costs	2.3	3.2
Finance costs expensed	27.6	12.8

Note 8. Cash and cash equivalents

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Current assets		
Cash at bank	19.9	7.6

Note 9. Trade and other receivables

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Current assets		
Trade receivables	1.6	2.0
Less: Allowance for expected credit losses	-	(0.1)
	1.6	1.9
Other receivables	7.4	3.0
GST receivable	0.2	1.2
	9.2	6.1

Note 10. Other assets

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Current assets		
Prepayments	0.9	0.8
Security deposits	0.6	0.7
Property deposits	8.6	8.3
Other current assets	0.3	0.4
	10.4	10.2

Note 11. Assets held for sale

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Current assets		
Investment properties	13.2	41.4

As at 30 June 2024, the asset held for sale represents Concord in New South Wales that was contracted to be sold to a third party. The sale became unconditional in May 2024 and will settle in August 2024.

As at 30 June 2023, assets held for sale represented 4 properties in Victoria (Armadale, Croydon, Tarneit and Yallambie). The sales became unconditional in June 2023 with the assets settling progressively throughout July and August 2023 for a combined total of $41.4 million less costs of disposal.

Note 12. Investments accounted for using the equity method

Interests in joint ventures
Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2023 %
General Medical Precinct Trust*	Australia	27.4%	25.0%
Life Sciences Medical Precinct Trust*	Australia	31.9%	30.7%
HMC Wholesale Healthcare Fund (HWHF) (formerly referred as Healthcare and Life Sciences Unlisted Fund)**	Australia	49.6%	-

* Collectively referred as Camden Trusts.
** On 28 September 2023, HWHF, a 100% owned subsidiary of HCW at that time, issued new units to external investors. The equity raising diluted HCW's ownership interest in HWHF from 100% to 49.6%. Consequently, the group lost control and stopped consolidating HWHF and derecognised all HWHF's assets and liabilities at their carrying amounts from the consolidated balance sheet. The units were issued at a price which was consistent with the valuation of Tranches 2 and 3 as at March 2023 and lower than the net asset value at 28 September 2023, thus a loss on deconsolidation of $26.4 million was recognised.

HCW's residual investment in HWHF has been recognised as an investment in a joint venture. The residual investment was initially recognised at fair value and has been subsequently accounted for using the equity method in accordance with accounting standard AASB 128 'Investment in Associates and Joint Ventures'.

Summarised financial information

	Camden Trusts		HWHF	
	30 Jun 2024 $m	30 Jun 2023 $m	30 Jun 2024 $m	30 Jun 2023 $m
Summarised statement of financial position				
Current assets	0.3	0.1	14.0	-
Non-current assets	43.8	40.5	1,218.2	-
Total assets	44.1	40.6	1,232.2	-
Current liabilities	0.4	-	21.8	-
Non-current liabilities	-	-	472.2	-
Total liabilities	0.4	-	494.0	-
Net assets	43.7	40.6	738.2	-
Summarised statement of profit or loss and other comprehensive income				
Revenue	-	-	107.6	-
Expenses	-	-	(39.6)	-
Profit	-	-	68.0	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	68.0	-

Note 12. Investments accounted for using the equity method

Commitments

	Camden Trusts		HWHF	
	30 Jun 2024 $m	30 Jun 2023 $m	30 Jun 2024 $m	30 Jun 2023 $m
Committed at the reporting date but not recognised as liabilities:				
Capital expenditure	-	0.3	13.0	-
Reconciliation of the group's carrying amount				
Opening carrying amount	11.9	28.6	-	-
Additions during the year	1.6	27.4	-	-
Derecognition upon consolidation of The George Trust	-	(44.1)	-	-
Recognition upon deconsolidation of HMC Wholesale Healthcare Fund (HWHF) (formerly referred as Healthcare and Life Sciences Unlisted Fund)	-	-	348.3	-
Share of net profit after income tax for the year	-	-	32.2	-
Share of distributions received and receivable*	-	-	(14.5)	-
Closing carrying amount	13.5	11.9	366.0	-

* Includes $5.0 million in distributions receivable by HCW at 30 June 2024.

Note 13. Investment properties

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Non-current assets		
Investment properties - at fair value	1,004.0	1,625.7

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	30 Jun 2024 $m	30 Jun 2023 $m
Opening fair value	1,625.7	609.0
Deconsolidation of HWHF*	(593.8)	-
Acquisitions	-	962.7
Disposals	(75.3)	(48.8)
Straight lining and amortisation of incentives	0.1	(0.5)
Capitalised expenditure (including property acquisition costs)	79.5	145.2
Net unrealised loss from fair value adjustments	(18.9)	(3.5)
Reclassified as held for sale (note 11)	(13.2)	(41.4)
Right-of-use asset	(0.1)	3.0
Closing fair value**	1,004.0	1,625.7

* 3 investment properties were derecognised during the year due to the deconsolidation of HWHF. Refer to note 12 for further information on the deconsolidation.

** Included in the closing fair value of investment property at 30 June 2024 is $2.9 million (30 June 2023: $3.0 million) relating to leasehold improvements and right-of-use assets of a leasehold property.

Refer to note 21 for further information on fair value measurement.

Note 13. Investment properties (continued)

All investment properties generate rental income and are disclosed in note 5 and the direct property expenses are disclosed in the consolidated statement of profit or loss. The investment properties are leased to tenants under operating leases with varying lease terms and rentals payable monthly. Lease payments for contracts include CPI increases and fixed percentage increases.

Lease payments receivable (undiscounted)

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	41.9	56.3
Between 1 and 2 years	53.4	76.9
Between 2 and 3 years	52.2	78.6
Between 3 and 4 years	51.9	76.6
Between 4 and 5 years	45.6	76.7
Over 5 years	312.7	692.1
	557.7	1,057.2

Note 14. Derivative financial instruments

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Non-current assets		
Derivatives - interest rate swap contracts	5.2	21.6

The interest rate swap contract requires settlement of net interest receivable or payable on a quarterly basis.

Refer to note 21 for further information on fair value measurement.

Note 15. Trade and other payables

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Current liabilities		
Trade payables	6.7	11.8
Rent received in advance	1.3	2.0
Accrued expenses	6.0	5.5
Interest payable	3.2	1.8
Capital expenditure accruals	10.5	28.0
Other payables	1.5	2.1
	29.2	51.2

Refer to note 20 for further information on financial instruments.

Note 16. Borrowings

	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Non-current liabilities		
Bank debt	481.3	711.7
Capitalised borrowing costs	(3.3)	(11.1)
	478.0	700.6

Refer to note 20 for further information on financial instruments.

The group's bank debt comprises a $550.0 million senior secured debt facility expiring in May 2026.

The interest comprises a base rate plus a variable margin, determined by the prevailing loan to valuation ratio. The bank loans are secured by first mortgages over the group's investment properties, including any classified as held for sale. The group has complied with the financial covenants during the financial year.

The fair value of borrowings approximates their carrying value as the interest payable on borrowings reflects current market rates.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Total facilities		
Bank debt	550.0	1,100.0
Used at the reporting date		
Bank debt	481.3	711.7
Unused at the reporting date		
Bank debt	68.7	388.3

Note 17. Lease liabilities

	Consolidated 30 Jun 2024 $m	Consolidated 30 Jun 2023 $m
Current liabilities		
Lease liability	0.2	-
Non-current liabilities		
Lease liability	2.9	3.1

Lease liability mainly represents 2 head lease agreements (ground leases) for the GC Urraween property. Both leases have 3 year terms remaining with 8 by 5 year options and 7 by 5 year options to extend, respectively.

Note 18. Contributed equity

	Consolidated			
	30 Jun 2024 Units	30 Jun 2023 Units	30 Jun 2024 $m	30 Jun 2023 $m
Ordinary class units - fully paid	561,707,970	562,813,500	939.6	939.9

Movements in ordinary units

Details	Date	Units	$m
Balance	1 July 2022	325,378,233	628.9
Units issued as part of distribution reinvestment plan (at $1.45 per unit)	22 August 2022	241,217	0.4
Units issued as part of distribution reinvestment plan (at $1.46 per unit)	25 November 2022	55,063	0.1
Units issued as part of distribution reinvestment plan (at $1.73 per unit)	24 February 2023	18,962	-
Units issued as part of institutional placement and entitlement offer (at $1.35 per unit)	18 April 2023	160,729,354	217.0
Units issued as part of retail entitlement offer (at $1.35 per unit)	28 April 2023	76,307,684	103.0
Units issued as part of distribution reinvestment plan (at $1.33 per unit)	23 June 2023	82,987	0.1
Transaction costs on issue of units		-	(9.6)
Balance	30 June 2023	562,813,500	939.9
Units issued as part of distribution reinvestment plan (at $1.35 per unit)	30 August 2023	56,448	0.1
Units issued to Home Consortium Developments Pty Ltd in lieu of cash to satisfy an acquisition fee (at $1.3599 per unit)	1 September 2023	5,368,042	7.3
Units issued as part of distribution reinvestment plan (at $1.44 per unit)	29 November 2023	36,059	0.1
Units issued as part of an accelerated non-renounceable entitlement offer	4 December 2023	3,268,896	-
Units cancelled pursuant to selective buy-back from Home Consortium Developments Pty Ltd	4 December 2023	(3,268,896)	-
Units issued as part of an accelerated non-renounceable entitlement offer	21 December 2023	179,175	-
Units cancelled pursuant to selective buy-back from Home Consortium Developments Pty Ltd	21 December 2023	(179,175)	-
Units issued as part of distribution reinvestment plan (at $1.38 per unit)	21 February 2024	31,694	-
Units issued as part of an accelerated non-renounceable entitlement offer	18 March 2024	37,990	-
Units cancelled pursuant to selective buy-back from Home Consortium Developments Pty Ltd	18 March 2024	(37,990)	-
Units issued as part of distribution reinvestment plan (at $1.25 per unit)	22 May 2024	58,547	-
Units cancelled pursuant to on-market buy-back announced in April 2024	8 May 2024 to 28 June 2024	(6,656,320)	(7.7)
Transaction costs on issue of units		-	(0.1)
Balance	30 June 2024	561,707,970	939.6

All units in the Trust are of the same class and carry equal rights to capital and income distributions. The fully paid units have no par value and the Trust does not have a limited amount of authorised capital.

On a show of hands every unitholder present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

Unit buy-back
In April 2024, the Responsible Entity announced an on-market unit buy-back of fully paid ordinary units in HCW for up to $50.0 million of units. The Responsible Entity will only buy back units at such times as are considered beneficial to the efficient capital management of the group, and the Responsible Entity reserves the right to suspend or terminate the buy-back at any time. The Responsible Entity purchased 6,656,320 units on issue in the year ended 30 June 2024.

Note 18. Contributed equity (continued)

Distribution reinvestment plans ('DRP')
For the year ended 30 June 2024, the group operated a DRP under which unitholders could elect to reinvest all or part of their distributions in new units rather than being paid in cash. The DRP price is determined as the average of the daily volume weighted average price (VWAP) of units sold on the Australian Securities Exchange during a nominated five-day period, between the announcement date and payment date of the respective distribution, less a discount (if any). In light of the on-market unit buy-back announced in April 2024, HCW suspended the DRP effective from 6 June 2024. HCW commenced the share buy-back on 8 May 2024. The DRP price for the quarters ended 30 September 2023, 31 December 2023 and 31 March 2024 did not include a discount.

Capital risk management
The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The group is subject to certain covenants on its financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the prior year.

Note 19. Distributions

Distributions declared during the financial year were as follows:

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Interim distribution for the year ended 30 June 2024 of 2.000 cents (2023: 1.875 cents) per unit declared on 18 September 2023. The distribution was paid on 29 November 2023 to unitholders registered on 29 September 2023.	11.3	6.1
Interim distribution for the year ended 30 June 2024 of 2.000 cents (2023: 1.875 cents) per unit declared on 18 December 2023. The distribution was paid on 21 February 2024 to unitholders registered on 29 December 2023.	11.4	6.1
Interim distribution for the year ended 30 June 2024 of 2.000 cents (2023: 1.875 cents) per unit declared on 21 March 2024. The distribution was paid on 22 May 2024 to unitholders registered on 28 March 2024.	11.3	10.6
Final distribution for the year ended 30 June 2024 of 2.000 cents (2023: 2.000 cents) per unit declared on 6 June 2024. The distribution will be paid on 22 August 2024 to unitholders registered on 28 June 2024.*	11.2	11.3
	45.2	34.1

* Final distribution will be paid subsequent to the end of the financial year on 22 August 2024.

Note 20. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by the Responsible Entity. These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. The Responsible Entity identifies, evaluates and hedges financial risks within the group's operating units.

The financial instruments of the group consist of cash and cash equivalents, including deposits with banks, borrowings, trade and other receivables and trade and other payables and other assets which include prepaid deposits.

Market risk

Foreign currency risk
The group is not exposed to any significant foreign currency risk.

Price risk
The group is not exposed to any significant price risk.

Interest rate risk
The group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the group to interest rate risk.

As at the reporting date, the group had the following variable rate borrowings outstanding:

Consolidated	30 Jun 2024 Weighted average interest rate %	30 Jun 2024 Balance $m	30 Jun 2023 Weighted average interest rate %	30 Jun 2023 Balance $m
Bank debt - variable rate	5.51%	481.3	4.93%	711.7
Derivatives - interest rate swap contracts (notional principal)		(375.0)		(575.0)
Net exposure to cash flow interest rate risk		106.3		136.7

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Interest rate sensitivity
An official increase/decrease in interest rates of 50 (2023: 50) basis points would have an adverse/favourable effect on the profit for the year of $0.5 million (2023: $0.7 million) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Derivatives interest rate swap
The group has entered into interest rate swap contracts with notional/principal value as at 30 June 2024 of $375.0 million (2023: $575.0 million). The interest rate swaps contract hedges the group's risk against an increase in variable interest rate. Refer to note 14 for further details of outstanding interest rate swap contracts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Note 20. Financial instruments (continued)

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Refer to note 16 for details of unused borrowing facilities at the reporting date.

Remaining contractual maturities
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 Jun 2024	**1 year or less $m**	**Between 1 and 2 years $m**	**Between 2 and 5 years $m**	**Over 5 years $m**	**Remaining contractual maturities $m**
Non-derivatives					
Non-interest bearing					
Trade payables	6.7	-	-	-	6.7
Distributions payable	11.2	-	-	-	11.2
Other payables	1.5	-	-	-	1.5
Interest-bearing - variable					
Bank debt	30.3	508.0	-	-	538.3
Interest-bearing - fixed rate					
Lease liability	0.2	0.2	0.5	8.9	9.8
Total non-derivatives	49.9	508.2	0.5	8.9	567.5

Note 20. Financial instruments (continued)

Consolidated - 30 Jun 2023	1 year or less $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Remaining contractual maturities $m
Non-derivatives					
Non-interest bearing					
Trade payables	11.8	-	-	-	11.8
Distributions payable	11.3	-	-	-	11.3
Other payables	2.1	-	-	-	2.1
Interest-bearing - variable					
Bank debt	45.8	45.8	768.0	-	859.6
Interest-bearing - fixed rate					
Lease liability	0.2	0.2	0.5	8.9	9.8
Total non-derivatives	71.2	46.0	768.5	8.9	894.6

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 21. Fair value measurement

Fair value hierarchy
The following table details the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 30 Jun 2024	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investment properties	-	-	1,004.0	1,004.0
Investment properties - held for sale	-	-	13.2	13.2
Derivative financial instruments	-	5.2	-	5.2
Total assets	-	5.2	1,017.2	1,022.4

Consolidated - 30 Jun 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investment properties	-	-	1,625.7	1,625.7
Investment properties - held for sale	-	-	41.4	41.4
Derivative financial instruments	-	21.6	-	21.6
Total assets	-	21.6	1,667.1	1,688.7

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 21. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using observable market inputs. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

The basis of valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The discounted cash flow method and the capitalisation method are also considered for determining fair value. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report. Where directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

Level 3 assets and liabilities

Description	Unobservable inputs	Range (weighted average) 30 Jun 2024	Range (weighted average) 30 Jun 2023
Investment properties	(i) Capitalisation rate	4.50% to 6.50% (5.44%)	4.38% to 6.25% (5.03%)
	(ii) Discount rate	5.75% to 7.25% (6.63%)	6.00% to 7.13% (6.43%)
	(iii) Terminal yield	4.75% to 6.75% (5.71%)	4.63% to 6.75% (5.35%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher growth rate will lead to a higher fair value. The weighted average capitalisation rate is the most significant input into the valuation of investment properties and therefore most sensitive to changes in valuation. A 25 basis point increase in capitalisation rate would result in a decrease in the fair value of investment property by $44.0 million (30 June 2023: $82.2 million) and a 25 basis point decrease in capitalisation rate would result in an increase in the fair value of investment properties by $48.2 million (30 June 2023: $90.8 million).

Note 22. Key management personnel disclosures

Fees paid or payable for services provided by Directors, were borne by HCW Funds Management Limited, the Responsible Entity. Refer to note 26 and the Director's report for further details of payments made to the Responsible Entity.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Trust:

	Consolidated	
	30 Jun 2024 $'000	30 Jun 2023 $'000
Audit services - KPMG		
Audit or review of the consolidated financial statements	291	262
Other assurance services - KPMG		
Compliance plan audit	12	11
	303	273

Note 24. Contingent liabilities

The group had no contingent liabilities as at 30 June 2024 (2023: $nil).

Note 25. Commitments

	Consolidated	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	0.6	60.7
Property acquisitions	64.4	64.4
	65.0	125.1

Note 26. Related party transactions

Responsible entity
HCW Funds Management Limited (ABN 58 104 438 100) ('Responsible Entity') is the responsible entity of the Trust.

Investment Manager and Property Manager
The Responsible Entity has appointed HMC Property Management Pty Limited (the 'Property Manager') and HMC Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management, development management, leasing and property management services to the group in accordance with the Investment Management Agreement and Property Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are ultimately owned by HMC Capital Limited (ASX: HMC).

Parent entity
HealthCo Healthcare and Wellness REIT is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Joint ventures
Interests in joint ventures are set out in note 12.

Transactions with related parties
Responsible Entity fees:
Under the constitution, the Responsible Entity is entitled to be paid a fee equal to 1.0% per annum (plus GST) of the gross asset value (GAV) of the Trust and its subsidiaries but will not be paid this fee whilst the Investment Manager is receiving the fees under the Management Agreements. The fee will be calculated on a pro-rata basis for any part period. The Responsible Entity will also be reimbursed for all expenses incurred, including those in connection with the establishment, promotion and operation of the Trust, in properly performing its duties.

Note 26. Related party transactions (continued)

Following is a summary of fees paid to the Responsible Entity, Investment and Property Managers:

Type of fee	Method of fee calculation	Consolidated 30 Jun 2024 $'000	Consolidated 30 Jun 2023 $'000
Base management fees*	0.65% per annum of Gross Asset Value ('GAV') up to $0.8 billion 0.55% per annum of GAV thereafter	7,631	5,732
Property management fees**	3.0% of gross property income	1,574	1,478
Leasing fees	15.0% on new leases 7.5% of year 1 gross income on renewals	598	127
Development management fees	5.0% of project spend up to $2.5 million 3.0% of project spend thereafter	2,743	1,905
Acquisition fees	1.0% purchase price	-	9,003
Disposal fees	0.5% of sale price	583	421
Reimbursement of Responsible Entity expenses	Cost recovery	856	812

*From 28 September 2023, the date of HWHF's deconsolidation, the investment management agreement was amended to exclude any HWHF interest from the Gross Asset Value calculation for base management fees.

**During the year, the property management agreement was amended to exclude Gross Income from any HCW direct interest Healthscope assets from 18 May 2023, the date of the Healthscope Hospital Portfolio Acquisition, for property management fees.

The following other transactions occurred with related parties:

	Consolidated 30 Jun 2024 $'000	Consolidated 30 Jun 2023 $'000
Payment for goods and services:		
Payments to Home Consortium Developments Pty Limited and HMC Capital Limited	976	1,324
Other transactions:		
Rental income from other director-related entities	3,254	2,868
Income from Home Consortium Developments Pty Limited (rental guarantee)	-	1,156
Cash transfer for development related capital expenditure paid to joint venture (Camden and The George Trust)	1,586	27,399
Payment to HMC Capital Limited for the acquisition of the units in The George Trust	-	32,700
HMC Capital Limited's share of distributions declared as a unitholder of HCW	8,139	5,668

In September 2023, the Responsible Entity issued 5,368,042 units at $1.3599 per unit to Home Consortium Developments Pty Limited in lieu of cash to satisfy an acquisition fee that arose as a result of Tranches 1 and 2 of the Healthscope Hospital Portfolio acquisition by the group and HWHF.

In September 2023, the Responsible Entity reinvested a distribution from HWHF of 5,810,685 units at $1.0000 per unit in HWHF.

Note 26. Related party transactions (continued)

In December 2023, the Responsible Entity executed the selective buy-back of 3,486,061 units from Home Consortium Developments Pty Limited in pursuant to the selective buy-back agreement, as approved by unitholders by special resolution at an Extraordinary General Meeting held on 24 July 2023.

Refer to Note 12 for further information on transactions related to Investments accounted for using the equity method.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 Jun 2024 $'000	30 Jun 2023 $'000
Current receivables:		
Trade and other receivables from other director-related entities	15	14
Trade and other receivables from HMC Capital Limited	21	-
Current payables:		
Trade and other payables to the Investment, Development and Property Manager	5,746	13,067
Distribution payable to HMC Capital Limited	2,498	1,837

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 Jun 2024 $'000	30 Jun 2023 $'000
Current receivables:		
Loan receivable from joint venture (Camden Trusts)	110	18

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 Jun 2024 $m	30 Jun 2023 $m
(Loss)/profit	(1.0)	11.0
Total comprehensive income	(1.0)	11.0

Note 27. Parent entity information (continued)

Statement of financial position

	Parent	
	30 Jun 2024 $m	**30 Jun 2023 $m**
Total current assets	63.4	38.7
Total assets	1,523.3	1,480.3
Total current liabilities	18.6	28.2
Total liabilities	661.3	570.7
Equity		
Contributed equity	939.6	939.9
Accumulated losses	(76.7)	(30.3)
Total equity	862.9	909.6

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Distributions received from subsidiaries are recognised as other income by the parent entity.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2023 %
HomeCo (Erina) Property Trust	Australia	100.0%	100.0%
HomeCo (Concord) Property Trust	Australia	100.0%	100.0%
HomeCo (Five Dock) Property Trust	Australia	100.0%	100.0%
HomeCo (Rouse Hill) Property Trust	Australia	100.0%	100.0%
HomeCo (St Marys) Property Trust	Australia	100.0%	100.0%
HomeCo (Tarneit) Property Trust	Australia	100.0%	100.0%
HomeCo (Ballarat) Property Trust	Australia	100.0%	100.0%
HomeCo (Essendon) Property Trust	Australia	100.0%	100.0%
HomeCo (Armadale) Property Trust	Australia	100.0%	100.0%
HomeCo (Nunawading) Property Trust	Australia	100.0%	100.0%
HomeCo (Everton Park) Property Trust	Australia	100.0%	100.0%
HomeCo (Woolloongabba) Property Trust	Australia	100.0%	100.0%
HomeCo (Morayfield HH) Property Trust	Australia	100.0%	100.0%
HomeCo (Cairns) Property Trust	Australia	100.0%	100.0%
HomeCo (Springfield) Property Trust	Australia	100.0%	100.0%
HomeCo (Southport) Property Trust	Australia	100.0%	100.0%
HomeCo (Beaconsfield) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Shepparton) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Ringwood) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Nambour) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Chermside) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Southport) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Wembley) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Wembley Salvado) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Bundaberg) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Urraween UC) Property Trust	Australia	100.0%	100.0%
HomeCo (GC Urraween SSR) Property Trust	Australia	100.0%	100.0%
HomeCo (Avondale Heights) Property Trust	Australia	100.0%	100.0%
HomeCo (Boronia) Property Trust	Australia	100.0%	100.0%
HomeCo (Bulleen) Property Trust	Australia	100.0%	100.0%
HomeCo (Chadstone) Property Trust	Australia	100.0%	100.0%
HomeCo (Chirnside Park) Property Trust	Australia	100.0%	100.0%
HomeCo (Croydon) Property Trust	Australia	100.0%	100.0%
HomeCo (Frankston) Property Trust	Australia	100.0%	100.0%
HomeCo (Melton) Property Trust	Australia	100.0%	100.0%
HomeCo (Ormond) Property Trust	Australia	100.0%	100.0%
HomeCo (Seaford) Property Trust	Australia	100.0%	100.0%
HomeCo (Yallambie) Property Trust	Australia	100.0%	100.0%
HomeCo (Maylands) Property Trust	Australia	100.0%	100.0%
HCW (Bundoora) Property Trust	Australia	100.0%	100.0%
HCW (Clyde North) Property Trust	Australia	100.0%	100.0%
HCW (Donnybrook) Property Trust	Australia	100.0%	100.0%
HCW (Forest Hill) Property Trust	Australia	100.0%	100.0%
HCW (Junction Village) Property Trust	Australia	100.0%	100.0%
HCW (Mitcham) Property Trust	Australia	100.0%	100.0%
HCW (Reservoir) Property Trust	Australia	100.0%	100.0%
HCW (Sunshine) Property Trust	Australia	100.0%	100.0%
HCW (View B) Property Trust	Australia	100.0%	100.0%
HomeCo (HCW First) Property Trust	Australia	100.0%	100.0%
HomeCo (Vitality Village) Property Trust	Australia	100.0%	100.0%
HomeCo (HCW Third) Property Trust	Australia	100.0%	100.0%
HomeCo HCW Finance Pty Ltd	Australia	100.0%	100.0%

Note 28. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2023 %
HCW (Geelong) Property Trust	Australia	100.0%	100.0%
HCW (Northpark) Property Trust	Australia	100.0%	100.0%
HCW (Pine Rivers) Property Trust	Australia	100.0%	100.0%
HCW (Victorian Rehab Centre) Property Trust	Australia	100.0%	100.0%
HWHF (Knox) Property Trust*	Australia	-	100.0%
HWHF (The Mount) Property Trust*	Australia	-	100.0%
HWHF (Nepean) Property Trust*	Australia	-	100.0%
HWHF (Ringwood) Property Trust*	Australia	-	100.0%
HWHF (SB) Property Trust*	Australia	-	100.0%
HWHF (Sydney Southwest) Property Trust*	Australia	-	100.0%
HWHF (Campbelltown) Property Trust*	Australia	-	100.0%
HCW (WHF) Trust	Australia	100.0%	100.0%
HCW No.1 Property Trust	Australia	100.0%	-
HCW No.2 Property Trust	Australia	100.0%	-
HCW No.3 Property Trust	Australia	100.0%	-

*On 28 September 2023, HWHF, a 100% owned subsidiary of HCW at that time, issued new units to external investors. The equity raising diluted HCW's ownership interest in HWHF from 100% to 49.6%. Consequently, the group lost control and stopped consolidating HWHF and derecognised all HWHF's assets and liabilities at their carrying amounts from the consolidated balance sheet. Refer to note 12 to the consolidated financial statements for further details.

HCW's residual investment in HWHF has been recognised as an investment in a joint venture.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2023 %	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2023 %
The George Trust	Australia	Property investment	91.5%	91.5%	8.5%	8.5%

Note 28. Interests in subsidiaries (continued)

Summarised financial information
Summarised financial information of the subsidiary with non-controlling interests that are material to the group are set out below:

	The George Trust	
	30 Jun 2024 $m	**30 Jun 2023* $m**
*Summarised statement of financial position**		
Current assets	0.5	1.1
Non-current assets	109.3	107.0
Total assets	109.8	108.1
Current liabilities	0.7	1.3
Total liabilities	0.7	1.3
Net assets	109.1	106.8
Summarised statement of profit or loss and other comprehensive income		
Revenue and other income	6.0	10.5
Expenses	(0.6)	(0.1)
Profit	5.4	10.4
Other comprehensive income	-	-
Total comprehensive income	5.4	10.4
Statement of cash flows		
Net cash used in operating activities	2.2	-
Net cash from/(used in) investing activities	(0.2)	(1.2)
Net cash (used in)/from financing activities	(2.5)	2.0
Net (decrease)/increase in cash and cash equivalents	(0.5)	0.8
Other financial information		
Net assets attributable to non-controlling interests	9.3	9.1
Profit attributable to non-controlling interests	0.4	1.0
Accumulated non-controlling interests at the end of reporting period	7.3	7.1

* The comparatives in Note 28 have been restated to disclose the non-controlling interest prior to consolidation eliminations. This resulted in an understatement of the Non-current assets of the George Trust recognised in 2023 by $89.0 million and an overstatement of the Revenue and Other Income by $1.2 million. The profit attributable to non-controlling interests and the accumulated non-controlling interests at the end of the comparative reporting period was not misstated.

Note 29. Earnings per unit

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Profit for the year	7.3	21.2
Non-controlling interest	(0.4)	(1.0)
Profit attributable to owners of HealthCo Healthcare and Wellness REIT	6.9	20.2

	Number	Number
Weighted average number of units used in calculating basic earnings per unit	566,902,791	371,592,591
Weighted average number of ordinary units used in calculating diluted earnings per unit	566,902,791	371,592,591

	Cents	Cents
Basic earnings per unit	1.22	5.44
Diluted earnings per unit	1.22	5.44

Note 30. Cash flow information

Reconciliation of profit to net cash from operating activities

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Profit for the year	7.3	21.2
Adjustments for:		
Share of profits of equity-accounted investees	(32.2)	-
Net unrealised loss/(gain) from fair value adjustments	23.5	(18.0)
Finance costs - non-cash	(1.8)	3.4
Straight lining and amortisation	(19.3)	0.5
Other	(0.5)	(0.2)
Loss on deconsolidation of interest in a subsidiary	26.4	-
Change in operating assets and liabilities:		
Movement in trade and other receivables	1.8	4.0
Movement in other assets	(0.7)	-
Movement in trade and other payables	1.6	11.8
Movement in deferred revenue	0.3	-
Net cash from operating activities	6.4	22.7

Non-cash investing and financing activities

	Consolidated	
	30 Jun 2024 $m	30 Jun 2023 $m
Units issued to HMC Capital Limited	7.3	-
Units issued under distribution reinvestment plan	0.2	0.6
	7.5	0.6

Note 30. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Bank loans $m	Distributions payable $m	Lease liabilities $m	Total $m
Balance at 1 July 2022	25.0	7.3	-	32.3
Net cash from financing activities	686.7	-	-	686.7
Distribution declared during the year	-	34.1	-	34.1
Payments relating to current year	-	(22.2)	-	(22.2)
Payments relating to prior year	-	(7.3)	-	(7.3)
Additions to investment properties	-	-	3.1	3.1
Non-cash issuance of units	-	(0.6)	-	(0.6)
Balance at 30 June 2023	711.7	11.3	3.1	726.1
Net cash from financing activities	19.5	-	-	19.5
Distribution declared during the year	-	45.2	-	45.2
Payments relating to current year	-	(33.8)	-	(33.8)
Payments relating to prior year	-	(11.3)	-	(11.3)
Non-cash issuance of units (note 18)	-	(0.2)	-	(0.2)
Borrowings held by subsidiary on deconsolidation	(249.9)	-	-	(249.9)
Balance at 30 June 2024	481.3	11.2	3.1	495.6

Note 31. Events after the reporting period

In July 2024, the Responsible Entity settled the purchase of 705,000 units as part of the on-market unit buy-back of fully paid ordinary units in HCW for the period 8 May 2024.

In July and August 2024, the group entered into contracts for the sale of Frankston in Victoria and Woolloongabba in Queensland. The contracts became unconditional and the sale of the assets is expected to settled in September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the opinion of the directors of HMC Funds Management Limited, the Responsible Entity of HealthCo Healthcare and Wellness REIT (the Trust):

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached consolidated financial statements and notes give a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer of the Responsible Entity for the year ended 30 June 2024.

This declaration is made in accordance with a resolution of the directors of the Responsible Entity, HCW Funds Management Limited.

On behalf of the directors of the Responsible Entity

Joseph Carrozzi AM	David Di Pilla
Independent Non-Executive Chair	Non-Executive Director

9 August 2024

KPMG

Independent Auditor's Report

To the unitholders of HealthCo Healthcare and Wellness REIT

Opinion

We have audited the ***Financial Report*** of HealthCo Healthcare and Wellness REIT (the Trust).

In our opinion, the accompanying Financial Report of the Trust gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Trust and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Valuation of investment property ($1,004.0m) and Investments accounted for using the equity method ($379.5m)	
Refer to accounting policy Note 2, Note 12, Note 13 and Note 21 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group's investment in property assets include investment properties which are held either directly or through its investments accounted for using the equity method. The valuation of investment property is a key audit matter as it is significant in value (being 96% of total assets) and requires auditor judgement in evaluating the significant inputs in the valuations. Our audit approach for investment property focused on significant and judgemental inputs into the valuations used by the Group in both internal and external valuation models. Specifically, these included: • Discount rates: these are complicated in nature and differ due to the asset classes, geographies and characteristics of individual investment properties; • Capitalisation rates (cap rates): reflects the yield that an investor would look to recover their investment in a particular class of asset; and • Forecast cash flows including: market rental income projections, terminal yields and other key leasing assumptions.	Our procedures in assessing the valuations of investment property included: • Understanding the Group's process regarding the valuation of investment property, including evaluating the Group's valuation policy; • Assessing the Group's methodologies used in the valuations of investment property for consistency with accounting standards and the Group's valuation policy; • Assessing the scope, competence and objectivity of both the external experts engaged by the Group and internal valuers; • Taking into account the asset classes, geographies and characteristics of individual investment properties, assessing the adopted discount rates, cap rates, terminal yields and market rental income through comparison to market analysis published by industry experts, recent market transactions, and inquiries with the Group; • Assessing the Group's key leasing assumptions, where significant, against each property's recorded rental income, lease expiry and current vacancy levels; • Checking a sample of contractual rental income, lease expiries and vacancy levels to tenancy schedules as per lease agreements; • Assessing the assumptions used by the Group in the computation of the internal valuations with reference to the valuation reports completed by the external valuation experts; • Assessing events after balance date, in accordance with the accounting standards, for adjusting events impacting the Group's valuation of investment properties; and • Assessing the disclosures in the financial report using our understanding obtained from our testing, and against accounting standards.

Other Information

Other Information is financial and non-financial information in HealthCo Healthcare and Wellness REIT's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of HCW Funds Management Limited, the Responsible Entity of the Trust, are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Unitholder Information and Corporate Directory. The Model Portfolio Strategy, FY24 Highlights, and Chair and Fund Manager's Letter are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

J Davis

Jessica Davis

Partner

Sydney

9 August 2024

The unitholder information set out below was applicable as at 15 July 2024.

Distribution of equitable units
Analysis of number of equitable unit holders by size of holding:

	Ordinary units	
	Number of holders	% of total units issued
1 to 1,000	665	0.07
1,001 to 5,000	1,814	1.00
5,001 to 10,000	1,742	2.46
10,001 to 100,000	4,030	19.61
100,001 and over	216	76.86
	8,467	100.00

Equity unit holders

	Ordinary units	
	Number held	% of total units issued
Home Consortium Developments Limited	89,871,409	16.02
J P Morgan Nominees Australia Pty Limited	80,211,627	14.30
HSBC Custody Nominees (Australia) Limited	76,429,553	13.62
Citicorp Nominees Pty Limited	36,237,475	6.46
Home Consortium Limited	35,034,393	6.24
BNP Paribas Noms Pty Ltd	29,916,793	5.33
Netwealth Investments Limited (Wrap Services A/C)	7,033,080	1.25
National Nominees Limited	5,140,105	0.92
BNP Paribas Nominees Pty Ltd (HUB24 Custodial Serv Ltd)	4,858,930	0.87
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	4,444,729	0.79
HSBC Custody Nominees (Australia) Limited – A/C 2	3,273,968	0.58
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	2,540,200	0.45
Netwealth Investments Limited (Super Services A/C)	2,284,185	0.41
BNP Paribas Nominees Pty Ltd (Pitcher Partners)	2,282,189	0.41
Goat Properties Pty Ltd	1,986,390	0.35
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	1,609,218	0.29
Sword Excalibur Equities Pty Ltd (Sword Excalibur EQ 2 A/C)	1,597,222	0.28
Glengallan Investments Pty Ltd	1,188,249	0.21
Premium Capital (Aust) Pty Ltd	1,082,000	0.19
Seymour Group Pty Ltd	1,078,000	0.19
	388,099,715	69.16

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the Trust are set out below:

	Ordinary units Number held	Ordinary units % of total units issued
HMC Capital Limited*	124,905,802	22.26

* This includes all subsidiaries.

Voting rights

The voting rights attached to ordinary units are set out below:

Ordinary units
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote. There are no other classes of equity units.

Restricted securities

There are no restricted securities.

Directors	Joseph Carrozzi AM Stephanie Lai Natalie Meyenn Dr Chris Roberts AO David Di Pilla The Hon. Kelly O'Dwyer
Responsible Entity	HCW Funds Management Limited Level 7 Gateway 1 Macquarie Place Sydney NSW 2000
Company secretary	Andrew Selim
Registered office and Principal place of business	Level 7 Gateway 1 Macquarie Place Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474
Auditor	KPMG Level 38, Tower 3 International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	HealthCo Healthcare and Wellness REIT units are listed on the Australian Securities Exchange (ASX code: HCW)
Corporate Governance Statement	The directors of the Responsible Entity are committed to conducting the business of HealthCo Healthcare and Wellness REIT in an ethical manner and in accordance with the highest standards of corporate governance. HealthCo Healthcare and Wellness REIT has adopted and has fully complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent that they are applicable to an externally managed listed entity. The group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and HealthCo Healthcare and Wellness REIT's other corporate governance policies and charters can be found on its website at https://www.hmccapital.com.au/our-funds/healthco-healthcare-wellness-reit/