

1. Company details

Name of entity: HealthCo Healthcare and Wellness REIT
ARSN: 652 057 639
Reporting period: For the year ended 30 June 2025
Previous period: For the year ended 30 June 2024

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 2025 \$m	30 Jun 2024 \$m	Change \$m	Change %
Revenues from ordinary activities	61.5	73.8	(12.3)	(17%)
Revenue including income from the share of profit of equity-accounted investees	31.3	106.0	(74.7)	(70%)
(Loss)/profit from ordinary activities after tax attributable to owners of HealthCo Healthcare and Wellness REIT	(88.8)	6.9	(95.7)	(1387%)
(Loss)/profit for the year attributable to owners of HealthCo Healthcare and Wellness REIT	(88.8)	6.9	(95.7)	(1387%)
(Loss)/profit for the year including non-controlling interest	(89.3)	7.3	(96.6)	(1323%)

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

3. Distributions

	30 Jun 2025 Amount per unit Cents
Interim distribution for the year ended 30 June 2025 declared on 24 September 2024. The distribution was paid on 22 November 2024 to unitholders registered on 30 September 2024.	2.100
Interim distribution for the year ended 30 June 2025 declared on 11 December 2024. The distribution was paid on 26 February 2025 to unitholders registered on 31 December 2024.	2.100
No further distributions for the year ended 30 June 2025 were declared to preserve balance sheet liquidity, as per ASX announcements on 25 March 2025 and 24 June 2025.	

4. Distribution reinvestment plans (DRP)

For the year ended 30 June 2025, HealthCo Healthcare and Wellness REIT ('HCW') did not operate a DRP. In April 2024, HCW announced an on-market unit buy-back which commenced on 8 May 2024 until 28 June 2024, the last trading day for the year ended 30 June 2024. In light of the on-market unit buy-back, HCW suspended the DRP effective from 6 June 2024.

Refer to note 18 to the consolidated financial statements for further details.

5. Net tangible assets

	30 Jun 2025 \$	30 Jun 2024 \$
Net tangible assets per unit	1.44	1.64

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

6. Details of joint venture entities

Name of joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	30 Jun 2025 %	30 Jun 2024 %	30 Jun 2025 \$m	30 Jun 2024 \$m
General Medical Precinct Trust	27.7%	27.4%	0.5	-
Life Sciences Medical Precinct Trust	32.3%	31.9%	0.1	-
HMC Wholesale Healthcare Fund (HWHF)	49.6%	49.6%	(30.8)	32.2
<i>Aggregate share of joint venture entities' (loss)/profit</i>				
(Loss)/profit from ordinary activities			(30.2)	32.2

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

7. Information about audit or review

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

8. Attachments

The Financial Report of HealthCo Healthcare and Wellness REIT for the year ended 30 June 2025 is attached.

9. Signed

As authorised by the Board of Directors

Signed  _____

Date: 14 August 2025

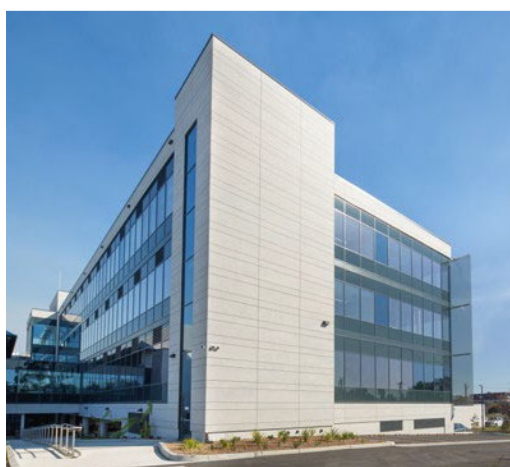
Joseph Carrozzi AM
Independent Non-Executive Chair

HealthCo Healthcare and Wellness REIT

HCW Funds Management Limited
ACN 104 438 100 AFSL 239882

Financial Report

For the year ended 30 June 2025



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 and the auditor's report thereon. 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 2025 (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*	Non-Executive Director
David Di Pilla	Non-Executive Director
The Hon. Kelly O'Dwyer	Non-Executive Director

* Dr Chris Roberts AO was an Independent Non-Executive Director for the period until 27 November 2024 (being the date Dr Chris Roberts AO was appointed as a director of HMC).

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, 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, such as an asset recycling program which reduced the portfolio from 25 properties as at 30 June 2024 to 19 properties as at 30 June 2025; the group's interest in the HMC Wholesale Healthcare Fund (HWHF); and net unrealised fair value loss on investment properties, refer to note 13.

In March 2025, the group and HWHF (collectively referred to as Landlords) announced that they had issued breach notices to one of its major tenants, Healthscope, for failing to pay all rent due for March 2025; and that the Landlords would enforce their legal rights and seek to replace Healthscope's tenancies with other hospital operators in the event the breaches were not remedied.

In May 2025, two entities within the Healthscope group entered into receivership and administration. The group noted that the counterparties to the lease agreements that the Landlords contracted with were not in receivership or administration and that the existing cross default and termination rights under the lease agreements remained in place. The group also announced that the Landlords had entered into a short-term partial rent deferral agreement with Healthscope, under which Healthscope will continue to pay 100% of all rent due.

The group did not declare quarterly distributions for the quarters ended 31 March 2025 and 30 June 2025 to preserve balance sheet liquidity.

Healthscope remains compliant with all of its lease obligations and discussions with alternative private hospital operators to replace the Healthscope tenancies are ongoing.

The directors consider that the group will continue as a going concern, as explained in note 2 to the consolidated financial statements.

A summary of the group's financial performance for the year ended 30 June 2025 is detailed below.

	Consolidated 30 Jun 2025 \$'m	Consolidated 30 Jun 2024 \$'m
Property and other income	61.5	73.8
Share of (loss)/profit of equity-accounted investees, net of tax	(30.2)	32.2
(Loss)/profit for the year	(89.3)	7.3
Funds from operations ('FFO')	36.5	45.3
Weighted average units on issue (million)	554.8	566.9
FFO per unit (cents)	6.6	8.0
Distribution per unit (cents)	4.2	8.0

The group recorded property and other income including share of (loss)/profit of equity-accounted investees of \$31.3 million (30 June 2024: \$106.0 million), a loss of \$89.3 million (30 June 2024: profit of \$7.3 million) and FFO of \$36.5 million (30 June 2024: \$45.3 million) for the financial year ended 30 June 2025. 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 2025 is detailed below.

	Consolidated 30 Jun 2025 \$'m	Consolidated 30 Jun 2024 \$'m
(Loss)/profit for the year	(89.3)	7.3
Straight lining and amortisation of rental income	2.4	(0.7)
Transaction costs	8.6	1.3
Loss on deconsolidation of interest in a subsidiary	-	26.4
Rent guarantee income	2.4	0.1
Amortisation of borrowing costs	2.1	2.5
Net fair value movements	66.7	23.5
Proxima coupon	3.9	3.2
Share of loss/(profit) of equity-accounted investees	30.2	(32.2)
Distribution of profits of equity-accounted investees	10.0	14.5
Other	(0.5)	(0.6)
FFO	<u>36.5</u>	<u>45.3</u>

Summary of financial position

A summary of the group's financial position as at 30 June 2025 is outlined below.

	Consolidated 30 Jun 2025 \$'m	Consolidated 30 Jun 2024 \$'m
Assets		
Investment properties (including assets held for sale)	889.2	1,017.2
Total assets	1,272.8	1,441.4
Net assets	794.5	919.9
Net tangible assets	794.5	919.9
Number of units on issue (million)	550.2	561.7
Net tangible assets (\$ per unit)	1.44	1.64

Consolidated
30 Jun 2025
\$'m

Consolidated
30 Jun 2024
\$'m

Capital management

Debt facility limit	550.0	550.0
Drawn debt	446.8	481.3
Cash and undrawn debt	143.7	88.6

Consolidated
30 Jun 2025
30 Jun 2024

Gearing ratio (%)*	33.0%	32.5%
Hedged debt (%)	83.9%	77.9%
Cost of debt (%)**	5.6%	5.5%

* 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 2025, the group owned 19 (30 June 2024: 25 which included an asset held for sale) investment properties with a combined value of \$889.2 million (30 June 2024: \$1,017.2 million which included an asset held for sale).

The movement in investment properties during the financial year was primarily driven by the group's asset recycling program and net unrealised fair value loss, refer to note 13.

At 30 June 2025, 7 investment properties were independently valued with the remaining investment properties being internally valued. The weighted average capitalisation rate of the portfolio was 5.82% (30 June 2024: 5.44%).

Asset recycling program:

As part of the group's asset recycling program, the group settled on 6 properties for a total consideration of \$79.8 million in the year.

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

Capital management:

The group had \$143.7 million in cash and undrawn debt as at 30 June 2025 (30 June 2024: \$88.6 million). 83.9% of drawn debt was hedged as at 30 June 2025 (30 June 2024: 77.9%) and the cost of debt was 5.6% per annum as at 30 June 2025 (30 June 2024: 5.5% per annum).

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 only bought back units at such times it considered beneficial to the efficient capital management of the group, and the Responsible Entity continues to reserve the right to commence a further buy-back at any time. The Responsible Entity purchased 11.5 million units on issue in the year ended 30 June 2025, with a total of 18.2 million units on issue purchased since the announcement.

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 2024	2.100	11.8	27 September 2024	30 September 2024	22 November 2024
December 2024	2.100	11.5	30 December 2024	31 December 2024	26 February 2025
	<u>4.200</u>	<u>23.3</u>			

No further distributions were declared for the year ended 30 June 2025 to preserve balance sheet liquidity, as per ASX announcements on 25 March 2025 and 24 June 2025.

The final distribution for the year ended 30 June 2024 of \$11.2 million, or 2.00 cents per unit, was paid on 22 August 2024.

Significant changes in the state of affairs

There were no 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 2025, the group's bank loan which comprises a \$550.0 million senior secured debt facility expiring in May 2026, was extended to November 2026. The facility was also reduced from \$550.0 million to \$475.0 million.

In August 2025, the group entered into unconditional contracts for the sale of 3 GenesisCare assets (Chermside, Southport and Wembley). The assets are expected to settle in October 2025.

No other matter or circumstance has arisen since 30 June 2025 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

There are no further developments that the directors of the Responsible Entity are aware of which could be expected to affect the results of the group's operations in subsequent financial years other than the information contained in the operating and financial review.

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. The group has managed its risk as outlined in note 2 of the consolidated financial statements.

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).

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.

Australian Accounting Standards Board ('AASB') S1 'General Requirements for Disclosure of Sustainability-related Financial Information' provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term.

AASB S2 'Climate-related Disclosures' sets out specific climate related disclosures and is designed to be used with AASB S1. AASB S1 and S2 apply to entities required to prepare and lodge a financial report with ASIC under Chapter 2M and are effective for different entities based on certain criteria. This mandatory sustainability reporting may be applicable for the group for the first time for the year ending 30 June 2027.

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 (2024: \$0.8 million) relating to Non-Executive Directors' remuneration. The number of units in the group held by key management personnel 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	385,973	-	28,592	-	414,565
Stephanie Lai	268,285	-	100,000	-	368,285
Natalie Meyenn	100,769	-	34,671	-	135,440
Dr Chris Roberts AO	1,105,259	-	-	-	1,105,259
David Di Pilla	772,553	-	-	-	772,553
The Hon. Kelly O'Dwyer	113,660	-	29,201	-	142,861
	2,746,499	-	192,464	-	2,938,963

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 2025 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 30 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 a Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)), the President of Business NSW, the Chair of the Centenary Institute for Medical Research and AKG Group (a private employment services business), as well as a board member of Football Australia.

Joseph was formerly Chair of the Sydney Harbour Federation Trust and Deputy Chair of the NSW Institute of Sport and a former board member of Western Sydney University and the National Intermodal Corporation. 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: Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)) (appointed on 20 November 2024)

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Committee

Interests in units: 414,565 ordinary units

Name: Stephanie Lai
Title: Independent Non-Executive Director
Experience and expertise: Stephanie has over 25 years of experience as 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 a member of Chartered Accountants Australia and New Zealand.

Other current directorships: Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)) (appointed on 20 November 2024), Non-Executive Director of Future Generation Investment Company Limited (ASX: FGX) (appointed on 27 March 2019) and Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) (appointed on 16 October 2020)

Former directorships (last 3 years): Non-Executive Director of Superloop Limited (ASX: SLC) (retired on 1 March 2023) 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) (retired on 30 September 2024)

Special responsibilities: Chair of the Audit and Risk Committee

Interests in units: 368,285 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 (mergers and acquisitions, 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: 135,440 ordinary units

Name: Dr Chris Roberts AO
Title: 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 HMC Capital Limited (ASX: HMC), 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 HMC Capital Limited (ASX: HMC) (appointed on 27 November 2024), 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 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 Limited 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 approximately \$18.5 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 mergers and acquisitions, and equity and debt capital markets. Prior to his time at UBS, David reached the position of Vice President, Investment Banking at JP Morgan.

Other current directorships: Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)) (appointed on 1 November 2024), 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: The Honourable Kelly O'Dwyer 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 is also a Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)), EQT Holdings Limited (ASX: EQT), HMC Capital Limited (ASX: HMC), Barrenjoey Capital Partners Group Holdings Pty Ltd and the National Reconstruction Fund Corporation.

Other current directorships: Kelly holds a Bachelor of Laws (Hons) and Bachelor of Arts from The University of Melbourne.
Non-Executive Director of HMC Digital Infrastructure Limited (which forms part of DigiCo Infrastructure REIT (ASX: DGT)) (appointed on 20 November 2024), 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: 142,861 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 Limited 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 Limited 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 2025, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Audit and Risk Committee Attended	Audit and Risk Committee Held
Joseph Carrozzi AM	11	11	4	5
Stephanie Lai	11	11	5	5
Natalie Meyenn	10	11	5	5
Dr Chris Roberts AO*	11	11	-	-
David Di Pilla*	9	11	-	-
The Hon. Kelly O'Dwyer*	11	11	-	-

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

* Dr Chris Roberts AO, David Di Pilla and The Hon. Kelly O'Dwyer have standing invitations to attend Audit and Risk Committee meetings.

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
Independent Non-Executive Chair

David Di Pilla
Non-Executive Director

14 August 2025



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 2025 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

Jessica Davis

Partner

Sydney

14 August 2025

HealthCo Healthcare and Wellness REIT

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30 June 2025



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For personal use only

HealthCo Healthcare and Wellness REIT
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025



		Consolidated	
	Note	30 Jun 2025	30 Jun 2024
		\$m	\$m
Income			
Property income	5	60.4	72.0
Interest income		1.1	1.8
Share of (loss)/profit of equity-accounted investees, net of tax	12	(30.2)	32.2
Net change in assets at fair value through profit or loss	6	(66.7)	(23.5)
Expenses			
Property expenses		(10.6)	(9.4)
Corporate expenses		(3.0)	(2.9)
Management fees	26	(6.3)	(7.6)
Transaction costs	7	(8.6)	(1.3)
Finance costs	7	(25.4)	(27.6)
Loss on deconsolidation of interest in a subsidiary	12	-	(26.4)
(Loss)/profit for the year		(89.3)	7.3
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(89.3)	7.3
(Loss)/profit for the year is attributable to:			
Non-controlling interest	28	(0.5)	0.4
Owners of HealthCo Healthcare and Wellness REIT		(88.8)	6.9
		(89.3)	7.3
Total comprehensive (loss)/income for the year is attributable to:			
Non-controlling interest	28	(0.5)	0.4
Owners of HealthCo Healthcare and Wellness REIT		(88.8)	6.9
		(89.3)	7.3
		Cents	Cents
Basic earnings per security	29	(16.00)	1.22
Diluted earnings per unit	29	(16.00)	1.22

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 2025



		Consolidated	
	Note	30 Jun 2025	30 Jun 2024
		\$m	\$m
Assets			
Current assets			
Cash and cash equivalents	8	40.5	19.9
Trade and other receivables	9	1.7	9.2
Derivative financial instruments	14	0.3	-
Other assets	10	1.5	10.4
		<u>44.0</u>	<u>39.5</u>
Assets held for sale	11	-	13.2
Total current assets		<u>44.0</u>	<u>52.7</u>
Non-current assets			
Investments accounted for using the equity method	12	339.6	379.5
Investment properties	13	889.2	1,004.0
Derivative financial instruments	14	-	5.2
Total non-current assets		<u>1,228.8</u>	<u>1,388.7</u>
Total assets		<u>1,272.8</u>	<u>1,441.4</u>
Liabilities			
Current liabilities			
Trade and other payables	15	14.6	29.2
Distributions payable	19	-	11.2
Borrowings	16	445.2	-
Lease liabilities	17	0.2	0.2
Derivative financial instruments	14	0.2	-
Total current liabilities		<u>460.2</u>	<u>40.6</u>
Non-current liabilities			
Trade and other payables	15	14.8	-
Borrowings	16	-	478.0
Lease liabilities	17	2.9	2.9
Derivative financial instruments	14	0.4	-
Total non-current liabilities		<u>18.1</u>	<u>480.9</u>
Total liabilities		<u>478.3</u>	<u>521.5</u>
Net assets		<u>794.5</u>	<u>919.9</u>
Equity			
Contributed equity	18	927.1	939.6
Accumulated losses		(139.1)	(27.0)
Equity attributable to the owners of HealthCo Healthcare and Wellness REIT		<u>788.0</u>	<u>912.6</u>
Non-controlling interest	28	6.5	7.3
Total equity		<u>794.5</u>	<u>919.9</u>

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 2025



	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
<i>Transactions with owners in their capacity as owners:</i>				
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 paid (note 19)	-	(45.2)	-	(45.2)
Balance at 30 June 2024	<u>939.6</u>	<u>(27.0)</u>	<u>7.3</u>	<u>919.9</u>
	Contributed equity \$m	Accumulated losses \$m	Non-controlling interest \$m	Total equity \$m
Balance at 1 July 2024	939.6	(27.0)	7.3	919.9
Loss for the year	-	(88.8)	(0.5)	(89.3)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(88.8)	(0.5)	(89.3)
<i>Transactions with owners in their capacity as owners:</i>				
Non-controlling interests (note 28)	-	-	(0.3)	(0.3)
Share buy-back (note 18)	(12.5)	-	-	(12.5)
Distributions declared (note 19)	-	(23.3)	-	(23.3)
Balance at 30 June 2025	<u>927.1</u>	<u>(139.1)</u>	<u>6.5</u>	<u>794.5</u>

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 2025



		Consolidated	
	Note	30 Jun 2025	30 Jun 2024
		\$m	\$m
Cash flows from operating activities			
Receipts from tenants (inclusive of GST)		58.7	59.8
Payments to suppliers (inclusive of GST)		(18.0)	(25.8)
Interest received		0.4	0.3
Interest and other finance costs paid		(22.8)	(27.9)
Net cash from operating activities	30	18.3	6.4
Cash flows from investing activities			
Proceeds from disposal of investment properties		79.8	116.7
Payment for acquisition of investment properties and capital expenditure		(10.7)	(78.0)
Payments attributable to investment in joint ventures	12	(0.3)	(1.6)
Dividends from joint ventures and associates		15.1	10.5
Cash balance held by subsidiary on deconsolidation		-	(6.1)
Net cash from investing activities		83.9	41.5
Cash flows from financing activities			
Capital raising costs	18	-	(0.1)
Proceeds from borrowings	30	14.0	67.5
Repayment of borrowings	30	(48.5)	(48.0)
Borrowing costs paid		(0.2)	(1.7)
Payments for units bought back	18	(12.1)	(8.1)
Distributions paid	30	(34.6)	(45.1)
Repayment of lease liabilities		(0.2)	(0.1)
Net cash used in financing activities		(81.6)	(35.6)
Net increase in cash and cash equivalents		20.6	12.3
Cash and cash equivalents at the beginning of the financial year		19.9	7.6
Cash and cash equivalents at the end of the financial year	8	40.5	19.9

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 registered managed investment scheme, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 31
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 consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 14 August 2025.

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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

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

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

The group has adopted AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (AASB 101) and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (AASB 101 and AASB Practice Statement 2), as issued in 2020 and 2022.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, i.e. for HCW's reporting period beginning 1 July 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period.

Note 2. Material accounting policy information (continued)

As a result of the adoption of the amendments to AASB 101, the group changed its accounting policy for the classification of borrowings: "Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period." This new policy did not result in a change of the presentation of the group's borrowings, which is reflected in note 16 of the consolidated financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis.

As at 30 June 2025, the group was in a net total asset position of \$794.5 million (30 June 2024: \$919.9 million) and net current liability position of \$416.2 million (30 June 2024: net current asset position of \$12.1 million). For the year ended 30 June 2025, the group incurred a loss of \$89.3 million (30 June 2024: profit of \$7.3 million).

Cash and cash equivalents at 30 June 2025 were \$40.5 million (30 June 2024: \$19.9 million). Net operating cash inflow for the period was \$18.3 million (30 June 2024: \$6.4 million). Net investing cash inflow for the period was \$83.9 million (30 June 2024: \$41.5 million) and net financing cash outflow for the period was \$81.6 million (30 June 2024: \$35.6 million).

One of the major customers referred to in note 4 is Healthscope.

In March 2025, the group and HWHF (together 'Landlords') announced (i) that they had issued breach notices to Healthscope for failing to pay all rent due for March 2025; and (ii) that the Landlords would enforce their legal rights and seek to replace Healthscope's tenancies with other hospital operators in the event the breaches were not remedied.

The group also announced in March 2025 (i) the withdrawal of FFO/unit and DPU guidance for the period ended 30 June 2025; and (ii) that the group would not declare a quarterly distribution for the period ended 31 March 2025 to preserve balance sheet flexibility.

In May 2025, two entities within the Healthscope group entered into receivership and administration. The group noted that the counterparties to the lease agreements that the Landlords contracted with were not in receivership or administration and that the existing cross default and termination rights under the lease agreement remained in place, although not enforceable at that time. The group also announced that the Landlords had entered into a short-term partial rent deferral agreement with HSO, under which: (i) all outstanding rent arrears would be paid immediately; and (ii) the Landlords would receive 85% of the rent due for the period May to August 2025 with the remaining 15% deferred rent due in September 2025.

In June 2025, the group announced that alternative private hospital operators were conducting due diligence on the 11 private hospitals owned by the Landlords and that the group would not declare a quarterly distribution for the period ended 30 June 2025 to preserve balance sheet liquidity.

Healthscope continues to operate and remains compliant with all of its lease obligations including rental payments in accordance with the short-term partial rent deferral agreement. In the event Healthscope were to become noncompliant with these obligations, there is a possibility of negative impacts to the group's operating cashflow and increased risk of not meeting debt covenants, the combined effect of which would represent a material uncertainty as to whether the group would continue as a going concern.

Management has prepared cashflow forecasts that support the going concern basis of preparation and that the group can pay its debts as and when they become due and payable. The group is compliant with all its debt covenants. In July 2025, the group extended the term of its senior secured debt facility until November 2026. Further supporting the going concern assumption, the group has a range of commercial options it could pursue, including but not limited to replacing Healthscope's tenancies with alternative private hospital operators and asset sales, if required.

The going concern basis presumes that a combination of the above funding and operational solutions, as deemed appropriate by the directors, will be achieved and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The directors of the HCW Funds Management Limited, as Responsible Entity for the group, consider that the group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that the group's consolidated financial statements should be prepared on a going concern basis.

Note 2. Material accounting policy information (continued)

Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

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 consolidated financial statements also comply with International Financial Reporting Standards ('IFRS') Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The consolidated 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 consolidated 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 consolidated 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', 'HCW' or 'parent entity') as at 30 June 2025 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 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 right at the end of the reporting period 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.

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.

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.

Note 2. Material accounting policy information (continued)

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 to fair value at each reporting date. 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.

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.

Note 2. Material accounting policy information (continued)

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.

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.

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 2025. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

Note 2. Material accounting policy information (continued)

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 will replace AASB 101 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change;
- Management-defined performance measures (MPMs) are disclosed in a single note to the financial statements; and
- Enhanced guidance is provided on how to group information in the financial statements.

The group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the group's consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as 'other'.

AASB 2024-2 Amendments to the Classification and Measurement of Financial Instruments

AASB 2024-2 is applicable for annual reporting periods beginning from 1 January 2026, with early adoption permitted. This standard makes amendments to AASB 9 'Financial Instruments' and AASB 7 'Financial Instruments: Disclosures' to clarify how the contractual cash flows from financial assets should be assessed in determining how they should be classified. AASB 2024-2 amendments are not expected to have a significant impact on the group's consolidated financial statements.

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 consolidated 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.

The fair value assessment of investment property as at 30 June 2025 has been conducted using the information available at the time of the preparation of the consolidated financial statements and best estimates of future performance including the continued performance of Healthscope assets. 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.

Note 4. Operating segments (continued)

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

Major customers

During the financial year ended 30 June 2025, approximately 26.7% (30 June 2024: 34.5%) of the group's external revenue was derived from rental income from one main tenant (30 June 2024: One tenant).

Segment results

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Funds from operations (FFO)	36.5	45.3
Straight lining and amortisation of rental income	(2.4)	0.7
Acquisition and transaction costs	(8.6)	(1.3)
Loss on deconsolidation of interest in a subsidiary	-	(26.4)
Rent guarantee income	(2.4)	(0.1)
Amortisation of borrowing costs	(2.1)	(2.5)
Net fair value movements	(66.7)	(23.5)
Proxima coupon	(3.9)	(3.2)
Share of (loss)/profit of equity-accounted investees	(30.2)	32.2
Distribution of profits of equity-accounted investees	(10.0)	(14.5)
Other	0.5	0.6
(Loss)/profit for the year	<u>(89.3)</u>	<u>7.3</u>

Note 5. Property income

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Property rental income	53.0	64.0
Other property income	7.4	8.0
Property income	<u>60.4</u>	<u>72.0</u>

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 2025	30 Jun 2024
	\$m	\$m
Net unrealised fair value loss on investment properties	(61.1)	(18.9)
Net fair value loss on investment properties - leasehold	(0.1)	(0.1)
Net unrealised fair value loss on derivatives	(5.5)	(4.5)
	<u>(66.7)</u>	<u>(23.5)</u>

Note 7. Expenses

(Loss)/profit includes the following specific expenses:

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Transaction costs	8.6	1.3
<i>Finance costs</i>		
Interest and finance charges on borrowings	23.4	25.1
Interest and finance charges on lease liabilities	0.2	0.2
Amortisation of capitalised borrowing costs	1.8	2.3
Finance costs expensed	25.4	27.6

Note 8. Cash and cash equivalents

Current assets
Cash at bank

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Cash at bank	40.5	19.9

Note 9. Trade and other receivables

Current assets
Trade receivables
Less: Allowance for expected credit losses

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Trade receivables	2.2	1.6
Less: Allowance for expected credit losses	(1.8)	-
	0.4	1.6
Other receivables	1.1	7.4
GST receivable	0.2	0.2
	1.7	9.2

Note 10. Other assets

Current assets
Prepayments
Security deposits
Property deposits
Other current assets

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Prepayments	0.6	0.9
Security deposits	0.6	0.6
Property deposits	-	8.6
Other current assets	0.3	0.3
	1.5	10.4

Note 11. Assets held for sale

Consolidated
30 Jun 2025 30 Jun 2024
\$m \$m

Current assets

Investment properties

 - 13.2

As at 30 June 2024, the asset held for sale represented Concord in New South Wales that was contracted to be sold in May 2024. The sale was settled in August 2024.

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 2025 %	30 Jun 2024 %
General Medical Precinct Trust*	Australia	27.7%	27.4%
Life Sciences Medical Precinct Trust*	Australia	32.3%	31.9%
HMC Wholesale Healthcare Fund (HWHF)**	Australia	49.6%	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 as at 30 June 2024.

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'.

Note 12. Investments accounted for using the equity method (continued)

Summarised financial information

	Camden Trusts		HWHF	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	\$m	\$m	\$m	\$m
<i>Summarised statement of financial position</i>				
Current assets	0.2	0.3	13.0	14.0
Non-current assets	47.0	43.8	1,177.6	1,218.2
Total assets	47.2	44.1	1,190.6	1,232.2
Current liabilities	0.6	0.4	7.5	21.8
Non-current liabilities	-	-	527.3	472.2
Total liabilities	0.6	0.4	534.8	494.0
Net assets	46.6	43.7	655.8	738.2
<i>Summarised statement of profit or loss and other comprehensive income</i>				
Revenue	-	-	76.4	59.5
Net unrealised gain from fair value adjustments	2.3	-	(99.1)	48.1
Expenses	-	-	(39.5)	(39.6)
Profit/(loss)	2.3	-	(62.2)	68.0
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	2.3	-	(62.2)	68.0
<i>Commitments</i>				
<i>Committed at the reporting date but not recognised as liabilities:</i>				
Capital expenditure	-	-	-	13.0
Reconciliation of the group's carrying amount				
Opening carrying amount	13.5	11.9	366.0	-
Additions during the year	0.3	1.6	-	-
Recognition upon deconsolidation of HWHF	-	-	-	348.3
Share of net profit/(loss) after income tax for the year	0.5	-	(30.7)	32.2
Share of distributions received and receivable*	-	-	(10.0)	(14.5)
Closing carrying amount	14.3	13.5	325.3	366.0

* In the year ended 30 June 2025, distributions of \$10.0 million was received by HCW. At 30 June 2025, no distribution was receivable by HCW (30 June 2024: \$5.0 million).

Note 13. Investment properties

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
<i>Non-current assets</i>		
Investment properties - at fair value	889.2	1,004.0
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,004.0	1,625.7
Deconsolidation of HWHF*	-	(593.8)
Disposals	(66.6)	(75.3)
Straight lining and amortisation of incentives	(2.4)	0.1
Capitalised expenditure (including property acquisition costs)	15.4	79.5
Net unrealised loss from fair value adjustments	(61.1)	(18.9)
Reclassified as held for sale (note 11)	-	(13.2)
Right-of-use asset	(0.1)	(0.1)
Closing fair value**	889.2	1,004.0

* 3 investment properties were derecognised during the year ended 30 June 2024 due to the deconsolidation of HWHF.

** Included in the closing fair value of investment property at 30 June 2025 is \$2.9 million (30 June 2024: \$2.9 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.

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 commitments receivable (undiscounted)

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Minimum lease commitments receivable but not recognised in the consolidated financial statements:		
1 year or less	50.0	41.9
Between 1 and 2 years	50.7	53.4
Between 2 and 3 years	50.7	52.2
Between 3 and 4 years	45.8	51.9
Between 4 and 5 years	41.5	45.6
Over 5 years	271.7	312.7
	510.4	557.7

Note 14. Derivative financial instruments

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
<i>Current assets</i>		
Derivatives - interest rate swap contracts	0.3	-
<i>Non-current assets</i>		
Derivatives - interest rate swap contracts	-	5.2
<i>Current liabilities</i>		
Derivatives - interest rate swap contracts	(0.2)	-
<i>Non-current liabilities</i>		
Derivatives - interest rate swap contracts	(0.4)	-
	<u>(0.3)</u>	<u>5.2</u>

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

Refer to note 20 for further information on financial instruments.

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

Note 15. Trade and other payables

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
<i>Current liabilities</i>		
Trade payables	1.5	6.7
Rent received in advance	1.2	1.3
Accrued expenses	2.7	6.0
Interest payable	5.5	3.2
Capital expenditure accruals	1.2	10.5
Other payables	2.5	1.5
	<u>14.6</u>	<u>29.2</u>
<i>Non-current liabilities</i>		
Trade payables	13.4	-
Accrued expenses	1.4	-
	<u>14.8</u>	<u>-</u>

Refer to note 26 for further information on non-current liabilities.

Refer to note 20 for further information on financial instruments.

Note 16. Borrowings

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
<i>Current liabilities</i>		
Bank loans	446.8	-
Capitalised borrowing costs	(1.6)	-
	<u>445.2</u>	<u>-</u>
<i>Non-current liabilities</i>		
Bank loans	-	481.3
Capitalised borrowing costs	-	(3.3)
	<u>-</u>	<u>478.0</u>

Refer to note 20 for further information on financial instruments.

In July 2025, the group's bank loan, a \$550.0 million senior secured debt facility expiring in May 2026, was extended to November 2026. The facility limit was also reduced from \$550.0 million to \$475.0 million.

Under the terms of the bank loan agreement, the group is required to comply with financial covenants such as loan to value ratios at all times and interest coverage ratios at the end of each reporting period. The group has complied with these covenants throughout the reporting period and expects to comply with the covenants within 12 months after the reporting date.

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 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 2025	30 Jun 2024
	\$m	\$m
Total facilities		
Bank loans	<u>550.0</u>	<u>550.0</u>
Used at the reporting date		
Bank loans	<u>446.8</u>	<u>481.3</u>
Unused at the reporting date		
Bank loans	<u>103.2</u>	<u>68.7</u>

Note 17. Lease liabilities

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
<i>Current liabilities</i>		
Lease liability	<u>0.2</u>	<u>0.2</u>
<i>Non-current liabilities</i>		
Lease liability	<u>2.9</u>	<u>2.9</u>

Lease liability mainly represents 2 head lease agreements (ground leases) for the GC Urraween property. Both leases have 4-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 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	Units	Units	\$m	\$m
Ordinary class units - fully paid	<u>550,175,919</u>	<u>561,707,970</u>	<u>927.1</u>	<u>939.6</u>

Movements in ordinary units

Details	Date	Units	\$m
Balance	1 July 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
Units cancelled pursuant to on-market buy-back announced in April 2024	1 July 2024 to 2 July 2024	(705,000)	(0.8)
Units cancelled pursuant to on-market buy-back announced in April 2024	2 October 2024 to 31 December 2024	(10,457,051)	(11.3)
Units cancelled pursuant to on-market buy-back announced in April 2024	2 January to 3 January 2025	(370,000)	(0.4)
Balance	30 June 2025	<u>550,175,919</u>	<u>927.1</u>

Note 18. Contributed equity (continued)

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 only bought back units at such times it considered beneficial to the efficient capital management of the group, and the Responsible Entity continues to reserve the right to commence a further buy-back at any time. The Responsible Entity purchased 11.5 million units on issue in the year ended 30 June 2025, with a total of 18.2 million units on issue purchased since the announcement.

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 2025	30 Jun 2024
	\$m	\$m
Interim distribution for the year ended 30 June 2025 of 2.100 cents (2024: 2.000 cents) per unit declared on 24 September 2024. The distribution was paid on 22 November 2024 to unitholders registered on 30 September 2024.	11.8	11.3
Interim distribution for the year ended 30 June 2025 of 2.100 cents (2024: 2.000 cents) per unit declared on 11 December 2024. The distribution was paid on 26 February 2025 to unitholders registered on 31 December 2024.	11.5	11.4
Interim distribution for the year ended 30 June 2025 of nil cents (2024: 2.000 cents) per unit	-	11.3
Final distribution for the year ended 30 June 2025 of nil cents (2024: 2.000 cents) per unit	-	11.2
	<u>23.3</u>	<u>45.2</u>

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:

	30 Jun 2025		30 Jun 2024	
	Weighted average interest rate %	Balance \$m	Weighted average interest rate %	Balance \$m
Consolidated				
Bank loans - variable rate	5.52%	446.8	5.51%	481.3
Derivatives - interest rate swap contracts (notional principal)		(375.0)		(375.0)
Net exposure to cash flow interest rate risk		<u>71.8</u>		<u>106.3</u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' section below.

Interest rate sensitivity

An official increase/decrease in interest rates of 50 (2024: 50) basis points would have an adverse/favourable effect on the profit for the year of \$0.4 million (2024: \$0.5 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 2025 of \$375.0 million (2024: \$375.0 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 consolidated statement of financial position and notes to the consolidated 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 2025	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					
<i>Non-interest bearing</i>					
Trade payables	1.5	13.4	-	-	14.9
Other payables	2.5	-	-	-	2.5
<i>Interest-bearing - variable</i>					
Bank loans	470.5	-	-	-	470.5
<i>Interest-bearing - fixed rate</i>					
Lease liability	0.2	0.2	0.5	8.4	9.3
Total non-derivatives	474.7	13.6	0.5	8.4	497.2

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					
<i>Non-interest bearing</i>					
Trade payables	6.7	-	-	-	6.7
Distributions payable	11.2	-	-	-	11.2
Other payables	1.5	-	-	-	1.5
<i>Interest-bearing - variable</i>					
Bank loans	30.3	508.0	-	-	538.3
<i>Interest-bearing - fixed rate</i>					
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)

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

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Consolidated - 30 Jun 2025				
<i>Assets</i>				
Investment properties	-	-	889.2	889.2
Derivative financial instruments	-	0.3	-	0.3
Total assets	-	0.3	889.2	889.5
<i>Liabilities</i>				
Derivative financial instruments	-	(0.6)	-	(0.6)
Total liabilities	-	(0.6)	-	(0.6)
Consolidated - 30 Jun 2024				
<i>Assets</i>				
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

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.

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.

Note 21. Fair value measurement (continued)

Level 3 assets

Description	Unobservable inputs	Range (weighted average) 30 Jun 2025	Range (weighted average) 30 Jun 2024
Investment properties	(i) Capitalisation rate	5.13% to 7.00% (5.82%)	4.50% to 6.50% (5.44%)
	(ii) Discount rate	6.50% to 8.25% (7.00%)	5.75% to 7.25% (6.63%)
	(iii) Terminal yield	5.50% to 7.75% (6.21%)	4.75% to 6.75% (5.71%)

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 \$36.5 million (30 June 2024: \$44.0 million) and a 25 basis point decrease in capitalisation rate would result in an increase in the fair value of investment properties by \$39.8 million (30 June 2024: \$48.2 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 2025 \$'000	30 Jun 2024 \$'000
<i>Audit services - KPMG</i>		
Audit and review of the consolidated financial statements	296	291
<i>Other assurance services - KPMG</i>		
Compliance plan audit	12	12
	<u>308</u>	<u>303</u>

Note 24. Contingent liabilities

The group had no contingent liabilities as at 30 June 2025 (2024: \$nil).

Note 25. Commitments

	Consolidated 30 Jun 2025 \$m	30 Jun 2024 \$m
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	-	0.6
Property acquisitions	-	64.4
	<u>-</u>	<u>65.0</u>

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.

Note 26. Related party transactions (continued)

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.

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 2025	Consolidated 30 Jun 2024
		\$'000	\$'000
Base management fees ^{1, 2}	0.65% per annum of Gross Asset Value ('GAV') up to \$0.8 billion 0.55% per annum of GAV thereafter	6,257	7,631
Property management fees ^{1, 3}	3.0% of gross property income	1,468	1,574
Leasing fees ¹	15.0% on new leases 7.5% of year 1 gross income on renewals	401	598
Development management fees ¹	5.0% of project spend up to \$2.5 million 3.0% of project spend thereafter	288	2,743
Disposal fees ¹	0.5% of sale price	399	583
Reimbursement of Responsible Entity expenses ¹	Cost recovery	777	856

¹ In the year ended 30 June 2025, the Property Manager and Investment Manager deferred all management fees payable for the financial years ended 30 June 2025 and 30 June 2026.

² In the year ended 30 June 2024, the Investment Management Agreement was amended to exclude any HWHF interest from the Gross Asset Value calculation from 28 September 2023, the date of HWHF's deconsolidation for base management fees.

³ In the year ended 30 June 2024, 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.

Note 26. Related party transactions (continued)

The following other transactions occurred with related parties:

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Payment for goods and services:		
Payments to Home Consortium Developments Pty Limited and HMC Capital Limited	224	976
Other transactions:		
Rental income from other director-related entities	2,497	3,254
Cash transfer for development related capital expenditure paid to joint venture (Camden Trusts)	317	1,586
HMC Capital Limited's share of distributions declared as a unitholder of HCW	5,246	8,139

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 2025	30 Jun 2024
	\$'000	\$'000
Current receivables:		
Trade and other receivables from other director-related entities	-	15
Trade and other receivables from HMC Capital Limited	-	21
Current payables:		
Trade and other payables to the Investment, Development and Property Manager	217	5,746
Distribution payable to HMC Capital Limited	-	2,498
Non-current payables:		
Trade and other payables to the Investment, Development and Property Manager	14,987	-

Loans to/from related parties

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

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Current receivables:		
Loan receivable from joint venture (Camden Trusts)	16	110

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 2025	30 Jun 2024
	\$m	\$m
Loss	(12.1)	(1.0)
Total comprehensive income	(12.1)	(1.0)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Total current assets	73.4	63.4
Total assets	1,555.2	1,523.3
Total current liabilities	16.9	18.6
Total liabilities	740.2	661.3
Equity		
Contributed equity	927.1	939.6
Accumulated losses	(112.1)	(76.7)
Total equity	815.0	862.9

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 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

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 2025	30 Jun 2024
		%	%
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%

Note 28. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 Jun 2025 %	30 Jun 2024 %
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%
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%
HCW (WHF) Trust	Australia	100.0%	100.0%
HCW No.1 Property Trust	Australia	100.0%	100.0%
HCW No.2 Property Trust	Australia	100.0%	100.0%
HCW No.3 Property Trust	Australia	100.0%	100.0%

Note 28. Interests in subsidiaries (continued)

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:

Name	Principal place of business / Country of incorporation	Principal activities	Parent	Parent	Non-controlling interest	Non-controlling interest
			Ownership interest 30 Jun 2025 %	Ownership interest 30 Jun 2024 %	Ownership interest 30 Jun 2025 %	Ownership interest 30 Jun 2024 %
The George Trust	Australia	Property investment	91.5%	91.5%	8.5%	8.5%

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 2025 \$m	30 Jun 2024 \$m
<i>Summarised statement of financial position</i>		
Current assets	0.7	0.5
Non-current assets	100.0	109.3
Total assets	100.7	109.8
Current liabilities	1.0	0.7
Total liabilities	1.0	0.7
Net assets	99.7	109.1
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue and other income	4.4	6.0
Expenses	(0.5)	(0.6)
Net change in assets at fair value through profit or loss	(9.8)	-
(Loss)/profit	(5.9)	5.4
Other comprehensive income	-	-
Total comprehensive (loss)/income	(5.9)	5.4
<i>Statement of cash flows</i>		
Net cash from operating activities	3.7	2.2
Net cash used in investing activities	(0.1)	(0.2)
Net cash used in financing activities	(3.1)	(2.5)
Net increase/(decrease) in cash and cash equivalents	0.5	(0.5)
<i>Other financial information</i>		
Net assets attributable to non-controlling interests	8.5	9.3
(Loss)/profit attributable to non-controlling interests	(0.5)	0.4
Accumulated non-controlling interests at the end of reporting period	6.5	7.3

Note 29. Earnings per unit

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
(Loss)/profit for the year	(89.3)	7.3
Non-controlling interest	0.5	(0.4)
	<u>(88.8)</u>	<u>6.9</u>
	Number	Number
Weighted average number of units used in calculating basic earnings per unit	554,770,575	566,902,791
Weighted average number of ordinary units used in calculating diluted earnings per unit	554,770,575	566,902,791
	Cents	Cents
Basic earnings per security	(16.00)	1.22
Diluted earnings per unit	(16.00)	1.22

Note 30. Cash flow information

Reconciliation of (loss)/profit to net cash from operating activities

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
(Loss)/profit for the year	(89.3)	7.3
Adjustments for:		
Share of loss/(profit) of equity-accounted investees	30.2	(32.2)
Net unrealised loss from fair value adjustments	66.7	23.5
Finance costs - non-cash	(0.1)	(1.8)
Straight lining and amortisation	(11.1)	(19.3)
Other	7.6	(0.5)
Loss on deconsolidation of interest in a subsidiary	-	26.4
Change in operating assets and liabilities:		
Movement in trade and other receivables	5.2	1.8
Movement in other assets	0.6	(0.7)
Movement in trade and other payables	8.6	1.6
Movement in deferred revenue	(0.1)	0.3
	<u>18.3</u>	<u>6.4</u>

Non-cash investing and financing activities

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$m	\$m
Units issued to HMC Capital Limited	-	7.3
Units issued under distribution reinvestment plan	-	0.2
	<u>-</u>	<u>7.5</u>

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 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)
Borrowings held by subsidiary on deconsolidation	(249.9)	-	-	(249.9)
Non-cash issuance of units (note 18)	-	(0.2)	-	(0.2)
Balance at 30 June 2024	481.3	11.2	3.1	495.6
Net cash used in financing activities	(34.5)	-	-	(34.5)
Distribution declared during the year	-	23.3	-	23.3
Payments relating to current year	-	(23.3)	-	(23.3)
Payments relating to prior year	-	(11.2)	-	(11.2)
Balance at 30 June 2025	<u>446.8</u>	<u>-</u>	<u>3.1</u>	<u>449.9</u>

Note 31. Events after the reporting period

In July 2025, the group's bank loan which comprises a \$550.0 million senior secured debt facility expiring in May 2026 was extended to November 2026. The facility was also reduced from \$550.0 million to \$475.0 million. All other terms remain unchanged.

In August 2025, the group entered into unconditional contracts for the sale of 3 GenesisCare assets (Chermside, Southport and Wembley). The assets are expected to settle in October 2025.

No other matter or circumstance has arisen since 30 June 2025 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 Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with IFRS Accounting 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 2025 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.

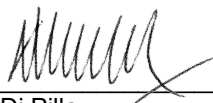
The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer of the Responsible Entity for the year ended 30 June 2025.

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

A handwritten signature in black ink, appearing to read "Joe", written over a horizontal line.

Joseph Carrozzi AM
Independent Non-Executive Chair

A handwritten signature in black ink, appearing to read "David Di Pilla", written over a horizontal line.

David Di Pilla
Non-Executive Director

14 August 2025



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 2025 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 2025;
- 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.

Material uncertainty relating to going concern

We draw attention to Note 2 "Going Concern" in the financial report. The events or conditions in Note 2 indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty relating to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the recent history of announcements regarding the Healthscope tenancy;
- Evaluating the Group's rights under existing lease arrangements to terminate those leases and replace the existing tenant, Healthscope;
- Evaluating the feasibility and the timing of the possibility to replace the existing tenant Healthscope with alternative hospital operators;
- Obtaining and inspecting the debt facility extension agreement which was extended from May 2026 to November 2026; and
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters and the material uncertainty.

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.

Valuation of investment property (\$889.2m) and investment accounted for using the equity method (\$339.6m)

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 96.5% 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,	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; • Working with real estate valuation specialists and taking into account 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.	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.
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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, FY25 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 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 for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, 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 2001*, 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/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.



KPMG



Jessica Davis

Partner

Sydney

14 August 2025

The unitholder information set out below was applicable as at 11 July 2025.

Distribution of equitable units

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

	Ordinary units % of total units issued
Number of holders	
1 to 1,000	750
1,001 to 5,000	1,900
5,001 to 10,000	1,525
10,001 to 100,000	3,628
100,001 and over	222
	8,025
	100.00

Equity unit holders

	Ordinary units % of total units issued
Number held	
Home Consortium Developments Limited	89,871,409
J P Morgan Nominees Australia Pty Limited	86,335,952
HSBC Custody Nominees (Australia) Limited	62,321,284
Home Consortium Limited	35,034,393
Citicorp Nominees Pty Limited	34,995,999
BNP Paribas Noms Pty Ltd	22,633,093
BNP Paribas Nominees Pty Ltd (HUB24 Custodial Serv Ltd)	7,369,385
Netwealth Investments Limited (Wrap Services A/C)	6,901,705
National Nominees Limited	5,866,514
Buttonwood Nominees Pty Ltd	5,734,186
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	4,547,184
Netwealth Investments Limited (Super Services A/C)	2,527,985
Mr David Edward Ogden + Mrs Amanday Jay Ogden (D & A Ogden Family A/C)	2,403,833
UBS Nominees Pty Ltd	2,290,401
HSBC Custody Nominees (Australia) Limited – A/C 2	2,111,567
BNP Paribas Nominees Pty Ltd (IB AU NOMS RETAILCLIENT)	1,806,826
Aldaoud Pty Ltd (Aldaoud Family A/C)	1,500,000
Neweconomy Com AU Nominees Pty Limited (900 Account)	1,497,949
Glengallan Investments Pty Ltd	1,188,249
Premium Capital (Aust) Pty Ltd	1,040,020
	377,977,934
	68.71

Unquoted equity securities

There are no unquoted equity securities.



Substantial holders

Substantial holders in the Trust are set out below:

	Ordinary units	Ordinary units % of total units issued
	Number held	
HMC Capital Limited*	124,905,802	22.71

* 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 31 Gateway 1 Macquarie Place Sydney NSW 2000
Company secretary	Andrew Selim
Registered office and Principal place of business	Level 31 Gateway 1 Macquarie Place Sydney NSW 2000
Share register	MUFG Corporate Markets (AU) Limited (formerly Link Market Services Limited) Liberty Place Level 41, 161 Castlereagh 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/investment-strategies/real-estate/healthcohealthcare-wellness-reit/