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The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Generation Healthcare REIT (ASX Code: GHC)

Generation Healthcare REIT announces \$26 million portfolio revaluation gain and the \$11 million sale of Leading Healthcare Bendigo

Generation Healthcare REIT ('GHC' or the 'Fund') today announced a preliminary and unaudited increase in the value of investment properties of \$26 million as at 31 December 2016¹, representing a 5.85% increase. In accordance with its valuation policy, seven properties have been externally valued and the balance internally valued².

GHC has also entered into an unconditional Contract of Sale to sell the Leading Healthcare building located at 84 Mollison Street, Bendigo, with total net proceeds forecast at \$11.35 million. This represents a 9% premium to the 30 June 2016 independent valuation of \$10.45 million and a \$2.80 million premium to the cost for GHC to develop the asset in 2012.

Miles Wentworth, Chief Executive Officer of GHC said: "Our properties have seen further capitalisation rate tightening due to the quality of the portfolio and ongoing strong market demand for healthcare real estate, as evidenced in recent market activity. Mr Wentworth went on to say "following a review of the portfolio, Leading Healthcare Bendigo was determined a non-core asset, and given market conditions it was deemed an appropriate time to sell the property."

Revaluation increase

The weighted average cap rate across the total portfolio tightened 34 basis points over the past six months to 6.67% from 7.01%.

¹ Further to the initiation of quarterly reporting, GHC has provided preliminary and unaudited investment property revaluations as at 31 December 2016 in advance of the announcement of its results as the forecast valuation uplift is significant when compared to the 30 September 2016 investment property carrying values.

² Excludes Casey Private Hospital and Frankston Private Expansion development projects and Leading Healthcare Bendigo.

The valuations are preliminary, unaudited and subject to APN Funds Management Limited Board confirmation post 31 December 2016. By itself, the valuation gain is expected to increase GHC's Net Tangible Assets by approximately 12 cents per unit. The valuations will be confirmed in the financial results, expected to be announced on 20 February 2017.

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For further information, please contact

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About Generation Healthcare REIT

Generation Healthcare REIT (ASX code: GHC), is Australia's only ASX listed healthcare real estate investment entity.

The Fund owns 18 properties including hospitals, medical centres, laboratories, residential aged care facilities and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. The Fund has total assets of approximately \$529 million with investments located in Victoria, New South Wales and Queensland.

www.generationreit.com.au

About APN Funds Management Limited

APN Funds Management Limited (APNFM) is the Responsible Entity of Generation Healthcare REIT. The Board of APNFM consists of four directors, three of which, including the Chairman are Independent Directors. APNFM is a wholly owned subsidiary of APN Property Group Limited (APN) (ASX code: APD), a specialist real estate investment manager.

www.apngroup.com.au

About Generation Healthcare Management Pty Limited

Generation Healthcare REIT ("Generation", the "Fund") (ASX: GHC) benefits from the experience, proven track record, healthcare focus and global platform of its manager, Generation Healthcare Management Pty Ltd, a wholly-owned subsidiary of NorthWest Healthcare Properties REIT ("NWH REIT", the "REIT") (TSX: NWH.UN), a Canadian listed dedicated healthcare real estate investor. The REIT is also strategically aligned as the largest unitholder of GHC.

NWH REIT is a Canadian listed real estate investment trust focused on providing investors with access to a portfolio of high quality international healthcare real estate infrastructure comprised of interests in a diversified portfolio of 139 income-producing properties and 864,000 square metres of gross leasable area located throughout major markets in Canada, Brazil, Germany, Australia and New Zealand. In Canada, the REIT is the largest non-government owner and manager of medical office buildings and healthcare facilities with 62 properties located from coast to coast, including major concentrations in Calgary, Edmonton, Toronto, Montreal, Quebec City and Halifax. In its international markets, the REIT partners with leading healthcare operators and has built leading management platforms in global gateway cities comprised of high quality healthcare real estate infrastructure assets characterised by long term indexed leases and stable occupancies.

NWH REIT is an expert in owning, managing and developing healthcare real estate with a dedicated and growing team of more than 180 professionals located in Auckland, Berlin, Melbourne, Sao Paulo and Toronto.

www.nwhreit.com