
Healthscope reaches contractual close on Northern Beaches Hospital

11 December 2014

Healthscope Limited (Healthscope) today announced it has reached contractual close with the New South Wales Government (State) to design, build, operate and maintain the new Northern Beaches Hospital in Frenchs Forest, Sydney.

The new 488 bed state-of-the-art hospital (which includes 450 overnight beds) will service both public and private patients. Private patient needs are expected to utilise approximately 40% of the capacity created, with 60% to be utilised by public patients. The State has contracted with Healthscope to provide services for 20 years to all public patients that present at the new hospital. During this period, Healthscope will also provide private patient services. At the end of this period, the public portion of the hospital is handed back to the State at no cost to the State and Healthscope will continue providing private patient services for a further 20 years before the remaining part of the hospital is handed back to the State.

The hospital will offer a full range of specialties across acute and mental health. The nine storey hospital will include 14 operating theatres, six surgical suites, a 50 bay emergency department, an intensive care unit, a critical care unit, pathology, radiology, pharmacy, 1,400 car spaces and a helipad. The new Level 5 hospital is expected to be operational in late calendar year 2018.

Once the facility is commissioned and operational, Healthscope will, working in close cooperation with the State, transfer patients from the existing Manly and Mona Vale public hospitals, as these facilities cease to deliver acute inpatient services.

Healthscope will finance the cost of the Northern Beaches Hospital through a combination of senior limited recourse debt for the construction period, and a corporate debt facility for the operating term. The design, construction and delivery capital expenditure will be approximately \$640m, with a further approximately \$200m of costs to be capitalised in relation to finance, transaction and other costs.

The project's financing arrangements fall within Healthscope's covenants under its existing senior debt facility, and no equity raising will be required in relation to the project.

Following commissioning of the hospital and transfer of public patients from Manly and Mona Vale public hospitals, the State will make a capital payment to reimburse Healthscope for the cost of the public part of the facility, as well as a portion of the cost of the shared facilities. This payment will be used to repay the senior limited recourse debt, with the remaining debt converting to a corporate term facility. The term facility that Healthscope will carry through the operating period is expected to be approximately \$400 million.



Healthscope

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Total project annual revenue (including from both public and private services) is expected to exceed \$300 million per year once the public and private patient volumes have achieved a full ramp up over the first 3-4 years of full operation.

In commenting on today's announcement, Healthscope's Managing Director and Chief Executive Officer Mr Robert Cooke said

"Having reached contractual close on this pathfinding project, Healthscope is excited to be moving to the next stage, with construction expected to commence in February 2015. The Northern Beaches Hospital will not be just a hospital, but part of a vital community precinct. We aim to create a centre of excellence that attracts the best medical specialists and workforce, and is the first choice for patients," Mr Cooke said.

In commenting on the design of the Northern Beaches Hospital, Mr Cooke said, "The innovative design of the Northern Beaches Hospital encompassing the provision of both public and private health services in a single integrated facility is expected to result in service efficiencies through shared physical infrastructure and resources, and is expected to be very attractive to medical specialists providing the convenience of treating their public and private patients at a single facility."

"Healthscope is excited at the prospect of delivering world class health care to the people of the Northern Beaches. The experience of Healthscope, and its key partners, Leighton Contractors and BVN, in successfully delivering large scale projects will ensure that the project is delivered on time and on budget. Healthscope's market leading quality and clinical practices and its experience in operating co-located facilities will ensure that the new Northern Beaches Hospital provides the highest quality of care to both public and private patients."

Healthscope will continue to work with its financiers and the State to achieve financial close in January 2015, with construction to commence in February 2015. The new Hospital is scheduled to become operational in December 2018.

Further enquiries:

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About the Northern Beaches Hospital site and catchment area

The site for the Northern Beaches hospital is located in French's Forest, a suburb of Sydney which is located 13 kilometres north of Sydney's central business district.

The catchment area for the Northern Beaches Hospital includes the local government areas of Manly, Pittwater and Warringah, which cover 254.7km². The catchment area has a population of approximately 250,000 people, with private health insurance coverage of c.60%+ relative to the Australian coverage rate of c.47%.