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Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

ASX Announcement

Pulse Health announces further expansion with acquisition of North Mackay Private Hospital

Pulse Health Limited (ASX Code: PHG or the "Company") today announced it has entered into an agreement to acquire the operations of the North Mackay Private Hospital ("North Mackay") in Queensland.

The planned \$3 million acquisition complements Pulse's portfolio of specialist rehabilitation hospitals, including Eden Rehabilitation Hospital on Queensland's Sunshine Coast, Westmead Rehabilitation Hospital in western Sydney and Forster Private Hospital rehabilitation unit in regional NSW.

The transaction follows the Company's just completed \$30 million capital raising via a placement to institutional and sophisticated investors, undertaken as part of its growth strategy to pursue acquisition opportunities within Australia's private hospital sector.

The 34-bed North Mackay Private Hospital is the only private specialist rehabilitation hospital north of Pulse's Eden Rehabilitation Hospital, and was recently fully redeveloped under the current ownership.

It re-commenced trading in February 2014 with facilities including a day rehabilitation gym, substantial consulting facilities and potential for a hydrotherapy pool in the short to medium term.

The Hospital previously operated as a surgical hospital under the name Pioneer Valley Hospital.

Strategic Rationale

- ▶ Captures scale benefits, bringing to seven the number of Pulse-operated hospitals.
- ▶ Includes substantial readily exploitable brownfield opportunities.
- ▶ The region is under-serviced for both private and public rehabilitation hospitals.
- ▶ Integration, ramp-up and ongoing growth will be enhanced by Pulse's core capability in rehabilitation provision.



Key purchase and lease agreement terms include:

- ▶ Purchase price of \$3.0m.
- ▶ 24 month rent free period.
- ▶ Long-term lease options for the hospital property of up to 32 years.

Key financial implications:

- ▶ Forecast EBITDA at occupancy of 70% is \$1.0m.
- ▶ Forecast to be profitable in FY15*, with a break even occupancy of approximately 42%.
- ▶ Small trading loss of \$0.1m forecast in FY14* plus additional one-off transaction and integration costs of \$0.7m.

The transaction is subject to licence transfer from Queensland Health, which is expected to be finalised before 30 June 2014.

Acquisition pipeline update

The Company continues to review a range of other acquisition opportunities that meet its strategic criteria.

Phillipa Blakey

Chief Executive Officer & Managing Director

For more information contact:

David Franks
Company Secretary
Pulse Health Limited
Tel: +61 2 9299 9690

Phillipa Blakey
Chief Executive Officer
Pulse Health Limited
Tel: +61 2 8262 6300

For more information of **Pulse Health** please visit www.pulsehealth.net.au

* Forecast results for FY14 and FY15 are presented after allowance for rent free incentive (non IFRS reporting)