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Company Announcements Office
Australian Stock Exchange
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ASX Announcement

Pulse Health's hospital portfolio increases to eight with development of new specialist surgical facility on Queensland's Gold Coast

Pulse Health Limited (ASX Code: PHG or the "Company") today announced it has entered into an agreement to lease a new specialist surgical hospital on Queensland's Gold Coast.

With commissioning expected in late FY15 - early FY16, the new hospital – to be called Gold Coast Surgical Hospital (GCSH) - will have six operating theatres and 24 beds, along with on-site radiology, pathology, pharmacy and consulting suites.

The hospital's development at Varsity Lakes on the mid-Gold Coast accommodates increasing strong demand from local surgeons for a high quality, specialist surgical hospital in the area.

The agreement brings to eight the number of hospitals now operated by Pulse, predominantly in regional Queensland and New South Wales.

"The addition to Pulse's growing portfolio of this newly-built, small, niche specialist hospital - developed in close collaboration with local specialists - signals the continued development of our growth strategy," said Pulse Health Managing Director and Chief Executive Officer, Ms Phillipa Blakey.

"Our strategy is to develop and/or acquire specialist niche hospitals that use the latest available techniques and technology, in areas of high need," she said.

"These niches currently include surgical and rehabilitation specialist hospitals."

The acquisition in June this year of the specialist Mackay Rehabilitation Hospital (formerly North Mackay Private Hospital) was the first successful step in the execution of this strategy.



That transaction followed a \$30 million capital-raising by Pulse earlier this year, which was undertaken specifically to pursue acquisition opportunities within Australia's private hospital sector.

GCSH will be Pulse's fifth surgical unit, with the company's Forster , Gympie and South Burnett private hospitals all operating inpatient surgical units, while its Bega Valley Private Hospital in regional New South Wales is a day surgery unit.

Pulse also operates a number of specialist rehabilitation hospitals - Eden Rehabilitation Hospital on Queensland's Sunshine Coast and Westmead Rehabilitation Hospital in western Sydney, while Forster Private Hospital also operates a rehabilitation unit.

Strategic Rationale

- ▶ Captures scale benefits, bringing to eight the number of Pulse-operated hospitals.
- ▶ Includes substantial brownfield opportunities.
- ▶ The region is under-serviced for private surgical provision.
- ▶ A niche specialist surgical hospital developed in collaboration with local surgeons.

Key investment and lease agreement terms include:

- ▶ Capital investment of \$6.5m for furniture, fixtures and equipment (FF&E), and \$3.2m for fit-out contribution
- ▶ Long-term lease options for the hospital property of up to 35 years.
- ▶ 24 month 50% rent holiday.

Key financial implications:

- ▶ Forecast earnings before interest, taxes, depreciation, and amortization (EBITDA) at Year 3 of \$2m.
- ▶ Forecast to be profitable within 12 months of commissioning

Acquisition pipeline update

Pulse continues to review a range of other acquisition or development opportunities that meet its strategic criteria. Due diligence is now progressing well on the next most advanced opportunity.

Phillipa Blakey

Chief Executive Officer & Managing Director



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