

29 June 2021

### Vital acquires a private hospital and three development properties

#### Acquisition of private hospital in Camberwell, Melbourne

NorthWest Healthcare Properties Management Limited (**the Manager**), as manager of Vital Healthcare Property Trust (**Vital**), advises that Vital has agreed terms to acquire Epworth Camberwell for A\$82.7m<sup>1</sup> (plus costs). This property comprises a 4 level, 147 bed private mental health and specialist rehabilitation hospital that has excellent referral patterns from nearby Epworth surgical hospitals. The hospital is situated on a 7,453 square metre site located 9km east of Melbourne's CBD.

At settlement, the property will be subject to a new 20-year "triple net" lease to existing Vital tenant, Epworth Foundation, the largest not-for-profit private hospital operator in Victoria. The lease includes a deferred tenant incentive payable at the start of year four at which time the lease term resets to 20 years (a three-year lease extension).

The lease provides a 4.78% initial passing yield reducing to 4.28% after adjusting for the tenant incentive. The acquisition price and the incentive payment are fully supported by an independent assessment of fair market value. The lease includes annual CPI rent increases and a market review at year 15 of the initial term.

The acquisition is expected to complete prior to 30 June 2021.



#### Acquisition of three strategic properties

Vital has also acquired two strategic properties in South-East Queensland and agreed terms to acquire a third in Auckland. All three properties provide significant development opportunities within existing or emerging health precincts over the short to medium term and the Manager is currently working on master planning and development proposals for each of them.

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<sup>1</sup> Includes provision for a tenant incentive payable following the third anniversary of the commencement of the lease

Details of the three properties are:

1. In early June 2021, Vital acquired 3,036 square metres of developable land at 7-17 Wolseley Street, Woolloongabba, Brisbane for A\$11.4m (plus costs).

This property is located in the Princess Alexandra Hospital precinct, one of Queensland's largest health precincts that includes a 1,050-bed public hospital as well as teaching and research facilities.



The property is not currently income producing but provides significant scope via existing development controls which permit up to 15 levels for healthcare purposes.

2. In mid-June 2021, Vital acquired 20,131 square metres of developable land at 195 Foxwell Road, Coomera, Gold Coast for A\$9.4m (plus costs).



*Artist's render of potential development*

This site forms part of the proposed "Coomera Health Precinct" a key health precinct identified by Queensland Health as the location of a new public hospital to meet the needs of one of South-East Queensland's fastest growing areas.

The property is not currently income producing but the Manager will undertake a master planning process which is expected to be activated via a medical office building of approximately 6,000 square metres as stage 1.

3. In mid-June 2021, Vital agreed terms to acquire a 749 square metre property at 61-71 Park Road, Grafton for NZ\$7.25m (plus costs). This property is opposite Auckland City Hospital (New Zealand's largest hospital) and is surrounded by buildings occupied by the University of Auckland's Medical and Health Sciences Faculty. The site forms part of New Zealand's premium healthcare precinct.

The property is currently leased to a variety of tenants providing holding income neutral to Vital's AFFO.

The acquisition is expected to complete in September 2021.

Executive Director of Development for the Manager, Chris Adams, said-

"The acquisition of these key sites enhance our pipeline of development opportunities in established and emerging medical precincts. They also position Vital to deliver on future healthcare needs in ambulatory care including hub and spoke service delivery models and the greater alignment emerging between public and private sector providers."

Vital's Fund Manager, Aaron Hockly, said-

"We are delighted to add four properties to Vital's portfolio comprising one large income producing private hospital in Melbourne and three development opportunities in Brisbane, Auckland and Gold Coast.

These acquisitions will support our strategy of continuing to grow Vital's earnings. The acquisitions, and their anticipated development, draw on the Manager's existing relationships with high quality tenants as well as our significant development experience.

The four acquisitions are expected to be accretive to AFFO in year 1 and will be comfortably funded from existing undrawn debt facilities, increasing balance sheet gearing by ~3.2%. In addition, consistent with our successful record of delivery, the developments are expected to provide both earnings growth and valuation upside for unitholders as they complete. "

**- ENDS -**

## **ENQUIRIES**

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**About Vital (NZX code VHP):**

Vital Healthcare Property Trust is an NZX-listed fund that invests in high-quality healthcare properties in New Zealand and Australia including private hospitals (~83% of portfolio value), out-patient facilities (~11% of portfolio value) and aged care (~6% of portfolio value).

Vital is the only specialist listed landlord of healthcare property in Australasia and currently has a portfolio valued at over \$2.3 billion.

Vital is managed by NorthWest Healthcare Properties Management Limited, a subsidiary of Toronto Stock Exchange listed NorthWest Healthcare Properties REIT, a global owner and manager of healthcare property.

For more information, visit our website: [www.vhpt.co.nz](http://www.vhpt.co.nz)