

MARKET RELEASE

9 February 2022

Development land acquired to expand mental health hospital in Sydney

Vital Healthcare Property Trust (**Vital**) has acquired 4,340sqm of land adjacent to existing Vital asset, The Hills Clinic. The Hills Clinic is a specialist mental health hospital 100% leased to Aurora Healthcare Australia (**Aurora Healthcare**) located in north-west Sydney, approximately 28kms from the CBD.

The acquired land is subject to a leasing pre-commitment from Aurora Healthcare enabling expansion of the existing hospital with additional beds, group rooms and other facilities. Aurora is Australia's largest specialty private mental health provider with 1,000 beds across 16 facilities.

Total development costs, inclusive of the land, are expected to be ~\$50m and will be rentalised at an initial yield of ~5%. The expansion lease is expected to have the same term as the existing lease which has 25 years remaining with rent growing annually in line with CPI and market reviews every 10 years.

Fund Manager, Aaron Hockly said:

"We are thrilled to have acquired such an important development site, adjacent to one of our existing hospitals – The Hills Clinic – and extend our partnership with Aurora, who we have worked with to establish this clinic as a highly-regarded mental health facility. The Hills Clinic is experiencing significant growth in demand for the critical services it provides, and we're pleased to continue working with Aurora to meet this demand.

High-quality treatment facilities for mental health patients are increasingly critical in the community with mental health materially under-serviced in Australia and New Zealand. We look forward to increasing this capacity through our new development with Aurora, furthering our strong commitment to increasing access to mental health. Following completion of this expansion and other committed development projects, Vital will have ~1,300 mental health beds in its portfolio (all currently in Australia)."

Aurora Chief Executive Officer, Ms Julia Strickland-Bellamy said:

"Demand for mental health services in this region has been growing at an increasing rate. This pressing need for expanded treatment options for Sydney's Hills community has, today, further extended our partnership with Vital. The Hills Clinic is a highly successful mental health service model; it attracts patients from across Australia due to its specialised treatment for young adults. This

expansion enables The Hills Clinic to further broaden its specialised mental health services for our existing patient population, while introducing new treatment offerings to meet demand. Young adults will remain a key part of our expanded service while eating disorders, PTSD for first responders, trauma and addictions are all under consideration.

Patients can expect an enhanced treatment experience through expanded facilities earmarked as additional group therapy rooms, patient activity areas including outside space and a gymnasium, as well as private doctors' consulting rooms.

Not only will this address unmet demand for accessible private mental health services with purpose-built facilities, it will also provide recruitment opportunities for psychiatrists, allied health, nurses and staff generally to support this growing service. We look forward to working together to deliver critical mental health treatment through this exciting new hospital development.

Australia-wide, Aurora Healthcare has committed to significantly investing in expanded private mental health inpatient, day patient and outpatient services and facilities to meet unmet demand. The company has also invested in a new, online mental health service to facilitate accessible mental health services for all Australians."

Development is planned to commence in 2023 and be completed within 15 months with funding to come from existing debt facilities.

The acquisition is consistent with Vital's strategy of focussing on its development pipeline particularly to increase exposure to key population areas such as Sydney.

– 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 (~82%* of portfolio value), ambulatory care facilities (~13%* of portfolio value) and aged care (~5%* of portfolio value).

Vital is the leading specialist listed landlord of healthcare property in Australasia and currently has a portfolio valued at ~\$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

* All figures are as at 31 December 2021

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All references to \$ are to New Zealand dollars unless otherwise indicated.

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