

1 June 2016

## Vital announces pipeline of value add portfolio initiatives

Vital Healthcare Management Limited ('Manager') the manager of Vital Healthcare Property Trust ('Vital') has announced a A\$64m pipeline of new brownfield development projects across its Australian private hospital portfolio. Additionally a suite of strategic acquisitions of approximately A\$20m are expected to occur over coming months to further support various scale and diversification initiatives at key assets or with market leading operating partners.

When completed, all projects will further enhance the quality of its portfolio and sustainability and growth of Vital's earnings.

### Construction of a tenth operating theatre at Epworth Eastern Hospital, underpinned by a ten-year lease extension

Epworth Eastern Hospital ('Epworth Eastern') is a 184 bed hospital owned by Vital and operated by Epworth Healthcare ('Epworth') specialising in acute and general surgical activities. Epworth Eastern is located in the suburb of Box Hill, Victoria, approximately 15 kilometres from the Melbourne CBD and was built by Vital in 2005.

Chief Executive of the Manager David Carr said "Epworth is one of Australia's leading not-for-profit hospital operators and we remain committed to supporting their growth plans on the back of a continued increase in demand for services at Epworth Eastern over recent years. This has resulted in a requirement to not only develop a long-term master-plan, but also respond to immediate growth requirements. As a result, in conjunction with Epworth we have expanded the existing day chemotherapy and oncology ward and constructed an additional operating theatre, increasing the total theatres to ten. The total cost of the project was approximately A\$4.5m with Epworth committing a further A\$1.8m in specialist equipment and fit-out.

We have also agreed a ten-year lease extension to the existing hospital lease, which will now expire in 2035 and adds approximately 0.8 years to Vital's WALE. This capital commitment combined with the lease extension reaffirms both parties' long-term commitment at Epworth Eastern."

### Lingard Private Hospital - A\$23.6m development

Lingard Private Hospital ('Lingard') is a 99 bed private hospital located in Newcastle, NSW and operated by Healthe Care Australia Pty Ltd ('Healthe Care'), Australia's third largest private hospital operator. Lingard specialises in surgical and rehabilitation services.

Vital has completed three separate value-add development projects since 2012, totalling over A\$30m, including additional operating theatres, two cardiac catheterisation labs and a six bed coronary care unit and six bed ICU.

"With Lingard running near full capacity, Vital and Healthe Care have agreed to move to the next stage of the long-term master-plan. Vital has committed to funding a A\$23.6m development including the construction of three additional operating theatres, 26 surgical beds, 22 rehabilitation beds and a hydrotherapy pool. As an interim measure 57 car parks will be developed on an adjacent site acquired by Vital in 2015, pending further intensification.

Healthe Care will also invest additional capital into the hospital fixtures and equipment as part of the proposed redevelopment. Ultimately this will lead to higher quality assets delivering best in class outcomes for patients and the operator.

The development also allows Vital to protect and enhance the long-term value of the hospital and delivery of sustainable earnings for investors" said Mr Carr.

Subject to Development Approvals from local council, construction is forecast to commence in July 2016 with a completion date of late 2017.

### Maitland Private Hospital - A\$22.4m development

Maitland Private Hospital ('Maitland') is a 156 bed private hospital located in East Maitland, NSW and is also operated by Healthe Care. Maitland specialises in surgical, acute medical, post-natal, psychiatric and rehabilitation services and is approximately five kilometres east of the Maitland town centre and 29 kilometres northwest of Newcastle.

Vital has committed to fund a A\$22.4m redevelopment project including the construction of two new operating theatres, a 28 bed medical ward, nine bed intensive care unit, seven chair day chemotherapy unit and an additional 50 car parks.

"Subject to approvals, Vital's total investment in value-add developments at Maitland will be around A\$55m over six years after completion of this latest development. This is a clear reflection of the rising demand for additional healthcare services in the Hunter Valley region and strong operator performance post development" said Mr Carr.

Construction is likely to commence August 2016, subject to council approval, with a completion date of late 2017.

### Toronto Private Hospital - A\$9.4m development

Toronto Private Hospital ('Toronto') is an 85 bed private hospital located in Toronto, NSW operated by Healthe Care which specialises in psychiatric and rehabilitation services. Toronto is approximately one kilometre south of the Toronto Town Centre, 27 kilometres south of Newcastle.

Due to continued rising demand in the area, Vital will commence a A\$9.4m expansion for additional mental health and rehabilitation services. The project consists of the construction of ten new mental health beds, ten new rehabilitation beds, conversion of an old operating suite to a new gym and group therapy rooms and the addition of 36 new car parks.

Construction is forecast to commence July 2016 with a forecast completion date of July 2017.

### Dubbo Private Hospital - A\$3.7m development

Dubbo Private Hospital ('Dubbo') is a 53 bed hospital operated by Healthe Care. Dubbo provides medical, surgical, rehabilitation and post-natal care services and is located adjacent to the Dubbo Base (Public) Hospital, with a significant rural and regional catchment servicing over 120,000 people.

The project is a combination of capacity expansion to core services and modernisation to meet patient expectations and continue to deliver exceptional clinical care. Construction has commenced with the project having a forecast completion date of August 2016.

### Forecast organic growth initiatives of approximately A\$20m set to continue

Mr Carr said "Additionally, the Manager is working on a number of organic growth initiatives to further protect and enhance value at a number of Vital's existing strategic assets. We are also working to establish new high quality long-term partnerships with market leading operators. Collectively we would reasonably expect to execute on approximately A\$20m of these initiatives over coming months.

This suite of value and earnings enhancing projects highlights the continued growth in demand for healthcare services provided by the market leading operators across our portfolio, which aligns directly with our Core+ strategy. We expect to see more of these organic opportunities over time."

**- ENDS -**

### ENQUIRIES

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## About Vital Healthcare Property Trust

With a portfolio value of over NZ\$929m Vital Healthcare Property Trust (NZSX: VHP) is Australasia's largest listed investor in healthcare real estate. Tenants include hospital operators and healthcare practitioners who deliver a wide range of medical and healthcare related services. The Manager of Vital Healthcare Property Trust is Vital Healthcare Management Limited.

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