

13 December 2018

Brownfield development and strategic acquisitions update

NorthWest Healthcare Properties Management Limited (NWM), the Manager of Vital Healthcare Property Trust, reports the following updates in execution of its brownfield development programme. The development programme is a pipeline of projects that enhance the scale and value of Vital's unique portfolio of healthcare properties across New Zealand and Australia.

"The programme underpins our strategy to drive long-term value-add opportunities and deliver sustainable returns to Vital investors," the Chief Executive Officer of NWM, David Carr, says. "Development work now under way builds on property acquisitions totalling \$195 million in the June 2018 year, all of which had short-to-medium-term brownfield development projects planned or in progress."

Recent milestones relate to tenders to commence the full redevelopment at Wakefield Hospital, resource consent for work at Royston Hospital, final development work at Bowen Hospital, the acquisition of land adjacent to Ormiston Hospital, further development at Maitland, and the first joint acquisition of a value add development site with NorthWest Healthcare Properties Australia REIT (NorthWest).

Wakefield Hospital, Newtown, Wellington

Capital commitment \$88 million

Tenders have been invited for the first stage of redevelopment at Wakefield Hospital. Wakefield Hospital was acquired together with Royston and Bowen Hospitals on initial 30 year lease terms as part of the strategic partnership with Acurity Health Group established in 2017.

The construction contract is expected to be awarded in early 2019. The full development programme will be delivered in stages to be completed in 2022, creating a brand new, high-quality facility with eight operating theatres, 42 beds, a 3,000 sqm medical consulting building and supporting infrastructure. Having regard to seismic risk in the Wellington region, the development will include a base isolated design that will ensure the hospital remains operational following a seismic event.

Royston Hospital, Hastings

Capital commitment \$13 million

Resource consent has been received for the development which will expand into adjacent properties owned by Vital. The development will incorporate the reconfiguration of patient admission and recovery areas, expansion of consulting space and two new operating theatres, with one to be commissioned immediately. Vital expects the construction contract to be awarded before the end of 2018 and completion of works is anticipated in mid-2020.

Bowen Hospital, Crofton Downs, Wellington

Capital commitment \$4 million

Final works to complete the radiation oncology facility including new linear accelerator bunkers, are now under way. The project is expected to be complete before the end of 2018 and operational in the New Year.

Ormiston Hospital, Flatbush, Auckland

Capital commitment not yet confirmed.

In September 2018, in an off-market transaction, Vital acquired an additional ~5,500sqm of vacant land adjacent to the existing Hospital which Vital acquired in April 2017. Existing facilities include a six theatre, 31 bed private hospital in one of Auckland's strongest population growth corridors. Ormiston is the only private hospital in this area, which has a population estimated at 540,000.

Master planning has commenced for development and initial planning is focused on establishing a medical and healthcare precinct. Pending appropriate pre-commitments, future development will enable complementary services and facilities to be established. These services and facilities will enhance value and secure Ormiston as the pre-eminent private healthcare precinct in the South Auckland catchment.

Maitland Hospital, Merewether, New South Wales

Capital commitment A\$3 million.

Construction work for a new 10 bed intensive care unit has commenced and also includes the provision of chemotherapy services within the existing building. Maitland Hospital is a 156 bed private hospital owned by Vital and operated by HealthCare, specialising in surgery, acute medical, post-natal, psychiatric and rehabilitation services. The provision of an intensive care unit will bring the hospital in to line with other major tertiary level private hospitals of similar scale in the region. Completion is expected in February 2019.

Strategic acquisition adjacent to Lyell McEwin Hospital, Adelaide, South Australia

Transaction value A\$13.75m (100% interest)

Vital and NorthWest have jointly acquired a significant development site of 16,700 sqm adjacent to Lyell McEwin Hospital, the third largest public hospital in metropolitan South Australia. The site is currently occupied by a retail centre of approximately 2200 sqm with 100% occupancy on short lease terms with relocation and/or termination rights. The acquisition provides a significant opportunity for development of a private healthcare precinct co-located with a major public hospital.

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ENQUIRIES

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About Vital Healthcare Property Trust

Vital Healthcare Property Trust (NZX: 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 NorthWest Healthcare Properties Management Limited.

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