



Responsible Entity

APN Funds Management Limited

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ASX Announcement

26 October 2016

The Manager
Company Announcements Office
ASX Limited
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Sydney NSW 2000

Generation Healthcare REIT ('GHC' or the 'Fund') is pleased to announce it has made an investment into the Epping Medical Centre in the growth area of Epping, Melbourne, Victoria.

The initial investment of \$28.625 million is by way of a \$22.25 million secured first mortgage senior loan facility with a contracted return of 6% p.a. and a \$6.375 million secured and guaranteed subordinated loan facility with a contracted return of 8% p.a. This provides an initial blended return of 6.45%. A further value enhancement capital expenditure facility of \$2.0 million is available on the same terms and conditions as the subordinated loan facility.

Funding for the transaction will be from new and current debt facilities and is accretive to the Fund's earnings.

The Fund has entered into a Put / Call Agreement that would see GHC acquiring a 50% interest in the Epping Medical Centre for \$17.50 million (to be funded via partial repayment of the loans). The Fund also has a three year option to acquire an adjacent 10,000sqm site for \$4.0 million.

The Epping Medical Centre is a 10,042 sqm specialist medical facility located at 230 Cooper Street Epping, Victoria and approximately 400 metres from Northern Public Hospital. The facility was completed in 2009 and is currently 52% let to high quality tenants such as Genesis Cancer Care, MIA Victoria, Sonic Healthcare and Tristar Medical Group. The vacancy provides upside to income and value via the



Commenting on the transaction, G HC 's Chief Executive Officer, Miles Wentworth said " This is an exciting opportunity for the Fund to bring its specialist property, asset and development management skill set to reposition the existing medical centre and develop a scale private hospital on a staged basis. G HC 's vision being to create a major integrated health campus for the Northern suburbs of Melbourne.

Commenting on the transaction on behalf of the owner of Epping Medical Centre, Mr Trevor Gorman, Director of Medical Centre Investments Pty Ltd said " We are delighted that Generation Healthcare have come on board. To have secured their value add skills and long dated experience provides us with a significant opportunity ahead" .

Yours sincerely

A handwritten signature in black ink, appearing to be "Miles Wentworth", written over a light blue horizontal line.

For further information, please contact

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Generation Healthcare REIT (ASX code: GHC), is Australia's only ASX listed healthcare real estate investment entity.

The Fund owns 18 properties including hospitals, medical centres, laboratories, residential aged care facilities and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. The Fund has total assets of approximately \$516 million with investments located in Victoria, New South Wales and Queensland.

www.generationreit.com.au

APN Funds Management Limited (APNFM) is the Responsible Entity of Generation Healthcare REIT. The Board of APNFM consists of four directors, three of which, including the Chairman are Independent Directors. APNFM is a wholly owned subsidiary of APN Property Group Limited (APN) (ASX code: APD), a specialist real estate investment manager.

www.apngroup.com.au

Generation Healthcare REIT ("Generation", the "Fund") (ASX: GHC) benefits from the experience, proven track record, healthcare focus and global platform of its manager, Generation Healthcare Management Pty Ltd, a wholly-owned subsidiary of NorthWest Healthcare Properties REIT ("NWH REIT", the "REIT") (TSX: NWH.UN), a Canadian listed dedicated healthcare real estate investor. The REIT is also strategically aligned as the largest unitholder of GHC.

NWH REIT is a Canadian listed real estate investment trust focused on providing investors with access to a portfolio of high quality international healthcare real estate infrastructure comprised of interests in a diversified portfolio of 139 income-producing properties and 864,000 square metres of gross leasable area located throughout major markets in Canada, Brazil, Germany, Australia and New Zealand. In Canada, the REIT is the largest non-government owner and manager of medical office buildings and healthcare facilities with 62 properties located from coast to coast, including major concentrations in Calgary, Edmonton, Toronto, Montreal, Quebec City and Halifax. In its international markets, the REIT partners with leading healthcare operators and has built leading management platforms in global gateway cities comprised of high quality healthcare real estate infrastructure assets characterised by long term indexed leases and stable occupancies.

NWH REIT is an expert in owning, managing and developing healthcare real estate with a dedicated and growing team of more than 180 professionals located in Auckland, Berlin, Melbourne, Sao Paulo and Toronto.

www.nwhreit.com