

# Barwon Investment Partners bustles for \$500m healthcare fund



Growing health: (from left) Barwon's Rob Morrison, Tom Patrick and Peter Connors. **Janie Barrett**



by **Nick Lenaghan**

Sydney-based investment manager Barwon Investment Partners has launched a \$500 million healthcare property fund for wholesale investors as institutional capital pushes for more exposure to the sector.

The equity cap on the fund is around \$325 million. Barwon has raised close to that amount already from five cornerstone investors including four local super funds.

A second close on the fund is due in February.

With an initial term of seven years, the fund will target critical healthcare properties such as large medical centres, day surgeries, private hospitals, pathology labs and allied health facilities.

The focus is on long leases to blue-chip corporate and government tenants in and around metropolitan healthcare hubs.

The vehicle, to be known as the Institutional Healthcare Property Fund, is already in due diligence on its first property.

"The fund can also invest via 'fund through' transactions into pre-leased healthcare development projects to secure new assets prior to completion," said Rob Morrison, a Barwon founder and its property head.

"With the healthcare sector growing strongly due to Australia's ageing population, medical technology advances and increasing community service expectations, we see significant investment opportunities across the sector."

Barwon's move to take institutional money into the sector follows the success of its smaller Barwon Healthcare Property Fund which will have 11 assets worth \$80.5 million in its portfolio after concluding a number of current deals.

The smaller fund is delivering a distribution yield of 7.6 per cent, ahead of its target yield of 7 per cent to 7.5 per cent.

The healthcare property sector is growing as institutional investors look for long-term core-style yields beyond the confines of office, retail and industrial real estate.

Players such as Generation Healthcare REIT have attracted offshore money as their portfolios grow, while in the unlisted sector the Australian Unity Healthcare Property Trust has also been expanding.

Barwon's Tom Patrick is responsible for the manager's healthcare funds while Peter Conners focuses on its transactions.

The fund will hold a diversified portfolio, mostly in the secondary and tertiary care sectors. It will not include aged care and retirement living assets.

"With the continued pressure that chronic illness, comorbidity and an ageing population places on our healthcare system, we expect to see increasing demand for healthcare services and quality healthcare facilities," Mr Patrick said.

Global professional services company Willis Towers Watson has partnered with Barwon to structure the fund and terms for its client base.