

Healthcare Property Trust

Continuous Disclosure Notice – 28 February 2011

The Australian Securities and Investments Commission requires responsible entities of unlisted property schemes in which retail investors invest to provide a statement addressing eight disclosure principles. These eight principles are contained in Regulatory Guide 46: Unlisted property schemes – Improving disclosure for investors.

This document has been prepared by Australian Unity Funds Management Limited ("AUFM") as the responsible entity of the Healthcare Property Trust (Trust) to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with the 30 June 2010 Annual Report, available from our website www.australianunityinvestments.com.au

This document has been updated as at 28 February 2011 (with financial information as at 31 December 2010), from its previous issue on 11 October 2010 to reflect an update to the Trust's portfolio information.

Disclosure Principle 1 – Gearing ratio

The gearing ratio of the Trust, calculated as total interest bearing liabilities divided by total assets was 43.32%, as at 31 December 2010, based on unaudited accounts (42.20% based on 30 June 2010 audited accounts).

The gearing ratio calculates the extent to which the Trust's total assets are funded by interest bearing liabilities. It gives an indication of the potential risks investors face in terms of external liabilities that rank ahead of them. If the Trust's gearing ratio under its debt facilities increases, the Trust will have a higher reliance on external liabilities to Trust assets and a greater exposure to funding costs if interest rates rise. This may have a negative impact on the cash distributions and the value of the Trust.

Disclosure Principle 2 – Interest cover

The Trust's interest cover is calculated by using the following formula:

$$\text{Interest cover} = \frac{(\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses})}{\text{Interest expense}}$$

Where:

EBITDA = earnings before interest, tax, depreciation and amortisation

Interest expense = Interest expense on debt facilities, net of hedging arrangements and interest income, adjusted for various AIFRS treatments including property.

The Trust's interest cover ratio as at 31 December 2010 was 1.82 times (1.94 times based on 30 June 2010 audited accounts).

Interest cover indicates the ability of the Trust to meet interest payments from operating cash. It is an indicator of the Trust's financial health and is a key to assessing the sustainability of, and risks associated with, the Trust's level of borrowing. If the Trust's interest cover decreases then the risk of the Trust not being able to meet interest payments will increase.

The Trust is in compliance with its interest cover debt covenant.

Disclosure Principle 3 – Trust borrowing

The Trust's borrowing as at 31 December 2010 is summarised in the table below:

| Borrowing details | |
|---------------------------------|----------------------------|
| Borrowing facility drawn amount | \$180.20 million |
| Borrowing facility limit | \$200.00 million |
| Borrowing facility maturity | July 2011 \$137.50 million |
| | July 2012 \$82.50 million |
| % of borrowings hedged | 88.00% |
| Weighted hedge expiry | 3.0 years |

AUFM believes that it will be able to refinance the borrowing facility due to expire within the next twelve months prior to its expiry on the basis of:

- preliminary refinancing discussions that have been held with the Trust's existing financiers; and
- the loan to valuation ratios and interest cover ratios of the Trust are within existing covenant requirements.

To the best of AUFM's knowledge, there have been no breaches of loan covenants as at the date of this document.

All amounts owed to lenders and other creditors will rank before each investor's interest in the Trust. The Trust's ability to repay principal and interest and meet all loan covenants under its debt facilities is material to its performance and ongoing viability.

Disclosure Principle 4 – Portfolio diversification

The information in the graphs and tables below is taken from the values as at 31 December 2010 (unless stated otherwise) and is not based on audited financial records. The Trust's composition and diversification will change over time as properties are acquired or disposed and tenancies are re-let.

Details of the investment strategy for the Trust are contained in the 'What does the Fund invest in' section of the relevant PDS.

Significant property holdings

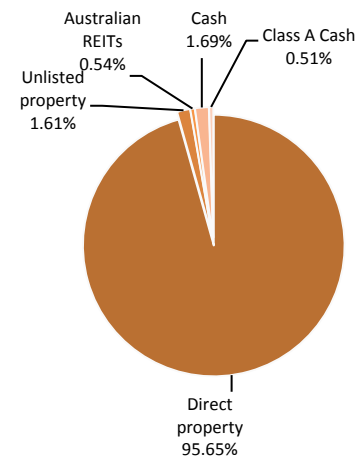
| Property | Sector | Independent valuation | | | Book value | % of portfolio |
|---|----------------|-----------------------|-------|------------|------------|----------------|
| | | Date | \$M | Cap rate % | \$M | % |
| Wakefield Private Hospital, SA | Hospital | Dec 2009 | 50.00 | 9.50 | 50.86 | 12.78 |
| Peninsula Private Hospital, VIC | Hospital | Feb 2010 | 48.75 | 8.50 | 48.76 | 12.26 |
| RPAH Medical Centre, NSW ⁽¹⁾ | Medical centre | Feb 2010 | 47.50 | 9.00 | 47.55 | 11.95 |
| Beleura Private Hospital, VIC | Hospital | Aug 2010 | 33.50 | 9.75 | 33.51 | 8.42 |
| Manningham Medical Centre, VIC | Medical centre | Oct 2010 | 30.00 | 8.50 | 30.00 | 7.54 |

(1) Leasehold, expires 30 June 2012 with 25+25+24 year options.

Asset allocation

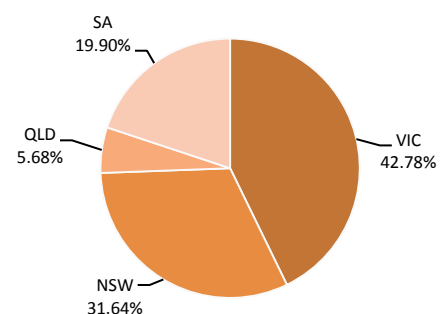
| | \$M | Fund % | Retail and Wholesale % | Class A % |
|---------------------------|--------|--------|------------------------|----------------------|
| Direct property | 397.83 | 95.65 | 96.13 | 83.87 |
| Unlisted property | 6.68 | 1.61 | 1.62 | 1.40 |
| Australian REITs | 2.26 | 0.54 | 0.55 | 0.48 |
| Cash and cash equivalents | 7.04 | 1.69 | 1.70 | 1.47 |
| Class A cash reserve | 2.13 | 0.51 | Nil | 12.78 ⁽¹⁾ |
| Total | 415.93 | 100.00 | 100.00 | 100.00 |

(1) The Class A Units Cash Reserve above is expressed as a percentage of gross asset value of the unit class. As the direct property exposure is magnified by the effects of gearing, on a net asset basis, the Class A Units Cash Reserve equates to 20.43% of the value of Class A Units.



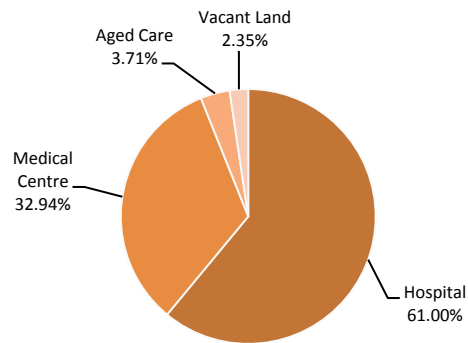
Direct property geographic allocation

| Location | \$M | % of portfolio | Number |
|----------|--------|----------------|--------|
| NSW | 125.87 | 31.64 | 8 |
| VIC | 170.21 | 42.78 | 9 |
| QLD | 22.60 | 5.68 | 2 |
| SA | 79.15 | 19.90 | 4 |
| Total | 397.83 | 100.00 | 23 |



Direct property by sector

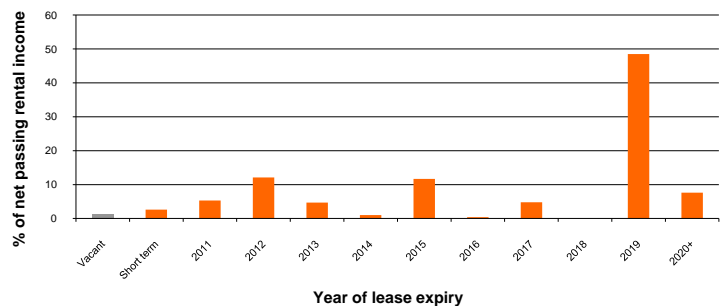
| Sector | \$M | % of portfolio |
|----------------|--------|----------------|
| Hospital | 242.66 | 61.00 |
| Medical Centre | 131.06 | 32.94 |
| Aged Care | 14.77 | 3.71 |
| Vacant Land | 9.34 | 2.35 |
| Total | 397.83 | 100.00 |



Direct property occupancy and lease details

| | | |
|---|-----------------------------|--------|
| Occupancy rate by area | 99.06% | |
| Weighted average lease expiry by income | 6.86 years | |
| Major tenants and % of base rental income | Ramsay Healthcare | 32.62% |
| | Calvary Healthcare Adelaide | 21.30% |
| | Health Care Australia | 8.82% |

Direct property lease expiry profile



Property development

We believe the Fund can enhance its existing properties and add further value to investors through selective exposure to property development. In managing the Fund’s property portfolio, we may refurbish or redevelop the properties from time to time as required. Material property developments will only be undertaken where substantial pre-commitments to lease are in place and development risk is appropriately mitigated. Currently, the Fund is undertaking the following developments.

Brunswick Private Hospital, Victoria

A \$6.9 million refurbishment of the Brunswick Private Hospital, Victoria. The refurbishment includes updating the front entrance and the facade, improving lighting levels, replacing air-conditioning units, extending the existing car park and existing building structures to allow for an increased number of beds and services.

Peninsula Private Hospital, Victoria

We are also planning an expansion of the Peninsula Private Hospital in Langwarrin, Victoria. The proposed expansion, which currently awaits approval from the Frankston City Council, will add a new 30-bed ward as well as additional space for day surgery beds, operating theatres and parking.

Forest Road, Orange, New South Wales

We are assessing a number of options for the development site at Forest Road Orange. The six-hectare site was purchased by the Fund in January 2008 for a development project that included plans to build a private hospital, medical centre and other supporting facilities.

Disclosure Principle 5 – Valuation policy

Regular valuation of underlying property assets is an important aspect of managing the Trust in the best interests of all investors. The valuations are conducted by qualified independent valuers in accordance with industry standards.

We have a policy of generally obtaining independent valuations on our properties each year.

Disclosure Principle 6 – Related party transactions

All transactions we enter into in relation to the Trust, including those with related parties, are conducted on arm’s length commercial terms.

Entities within the Australian Unity Group may provide registry, accounting, asset management and tax services to the Trust for fees charged at a commercial rate.

Policies and guidelines are in place to manage risk of any actual or perceived conflict of interest as a result of a

related party transaction. Related party transactions with Australian Unity Group entities are reviewed and approved by senior management with clearly identified governance policies and guidelines. All decisions in relation to conflicts of interest and all related party transactions are documented. Policies and guidelines are generally reviewed annually.

Details of related party transactions are outlined on section 20 of the 30 June 2010 Annual Report for the Trust.

Disclosure Principle 7 – Distribution practices

Distributions are currently met from net income and net realised capital gains and are paid quarterly.

It is not our intention to source future distribution payments from sources other than net income and net realised capital gains, although we may do so if we consider it to be in the interests of our investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that source is expected to be sustainable given the circumstances. We would notify investors if this occurred.

Disclosure Principle 8 – Withdrawal rights

Information about the Fund's withdrawal arrangements is contained in the withdrawals section of the relevant PDS.

For further enquiries

Please contact us either by telephone, email or mail as shown below:

Contact us

| | |
|--------------------------|--|
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