

Healthcare Property Trust

Continuous Disclosure Notice – 11 October 2011

The Australian Securities & Investments Commission (ASIC) 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 ASIC 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 latest Annual Report for the Trust, available from our website australianunityinvestments.com.au

Alternatively, you can call us on 13 29 39 for a copy. Copies will be provided free of charge.

This document has been updated as at 11 October 2011 (with financial information as at 30 June 2011), from its previous issue on 28 February 2011 to reflect an update to the Trust's portfolio information.

The financial information is extracted from the Trust's accounting and property management records and is based upon audited financial records.

The Trust's composition and diversity will change over time as assets are acquired or disposed and tenancies re-let.

Disclosure Principle 1 – Gearing ratio

The gearing ratio of the Trust, calculated as total interest bearing liabilities divided by total assets was 44.24%, as at 30 June 2011, based on 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 for the 12 months to 30 June 2011 was 1.90 times based on 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.

At the date of this document the Trust is in compliance with its interest cover debt covenant.

Disclosure Principle 3 – Trust borrowing

The Trust's borrowing as at 30 June 2011 is summarised in the table below:

Borrowing details	
Borrowing facility drawn amount	\$185.80 million
Borrowing facility limit	\$200.00 million
Borrowing facility maturity	June 2014
% of borrowings hedged	86.00%
Weighted hedge expiry	2.4 years

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

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

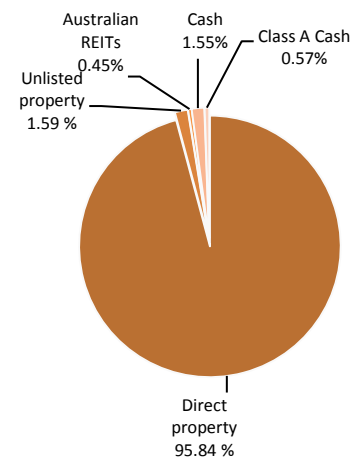
Significant property holdings

Property	Sector	Independent valuation			Book value	% of portfolio
		Date	\$M	Cap rate %	\$M	%
Wakefield Private Hospital, SA	Hospital	Jan 2011	51.70	9.25	53.03	13.14
Peninsula Private Hospital, VIC	Hospital	Feb 2011	48.60	8.75	48.67	12.06
RPAH Medical Centre, NSW ⁽¹⁾	Medical centre	Feb 2011	48.00	9.10	48.21	11.94
Beleura Private Hospital, VIC	Hospital	Aug 2010	33.50	9.75	33.52	8.31
Manningham Medical Centre, VIC	Medical centre	Oct 2010	30.00	8.50	30.00	7.43

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

Asset allocation

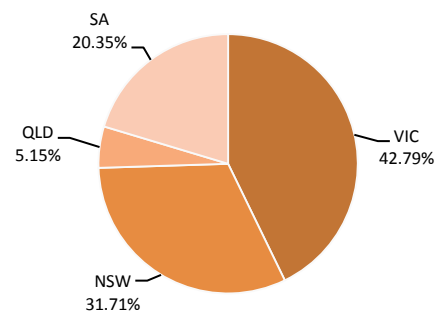
	\$M	Fund %	Retail and Wholesale %	Class A %
Direct property	403.59	95.84	96.39	86.41
Unlisted property	6.68	1.59	1.59	1.43
Australian REITs	1.92	0.45	0.46	0.41
Cash and cash equivalents	6.51	1.55	1.56	1.39
Class A cash reserve	2.42	0.57	Nil	10.36 ⁽¹⁾
Total	421.12	100.00	100.00	100.00



(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 17.41% of the value of Class A Units.

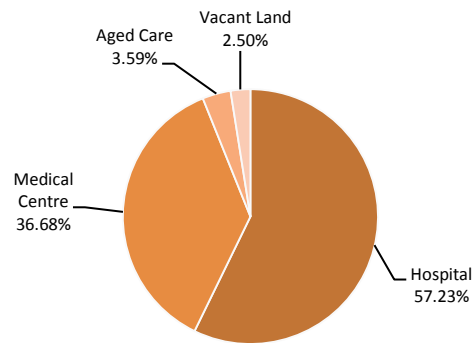
Direct property geographic allocation

Location	\$M	% of portfolio	Number
NSW	127.96	31.71	8
VIC	172.69	42.79	9
QLD	20.79	5.15	2
SA	82.14	20.35	4
Total	403.59	100.00	23



Direct property by sector

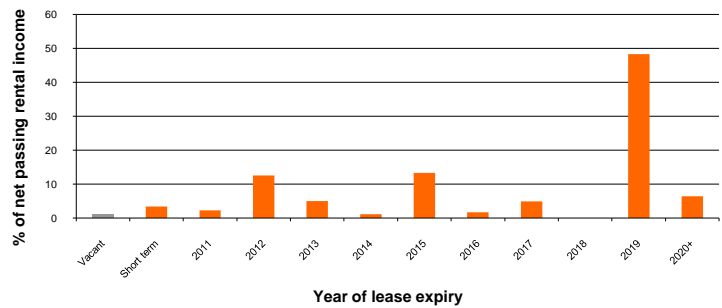
Sector	\$M	% of portfolio
Hospital	230.95	57.23
Medical Centre	148.04	36.68
Aged Care	14.50	3.59
Vacant Land	10.09	2.50
Total	403.59	100.00



Direct property occupancy and lease details

Occupancy rate by area (excluding vacant land)	98.93%	
Weighted average lease expiry by income	6.41 years	
Major tenants and % of base rental income	Ramsay Healthcare	33.49%
	Calvary Healthcare Adelaide	21.11%
	Health Care Australia	8.72%

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 development.

Brunswick Private Hospital, Victoria

A \$6.67 million refurbishment and expansion of the Brunswick Private Hospital, Victoria. The refurbishment includes updating the front entrance and the facade, improving lighting levels, replacing services including air-conditioning, and extending the existing car park and existing building structures to allow for an increased number of beds and services.

The expansion is pre-leased to the current tenant. The project is expected to be completed by October 2011.

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 Trust direct properties each year.

Disclosure Principle 6 – Related Party Transactions

Australian Unity Funds Management Limited (‘AUFM’) is the Responsible Entity of the Fund.

AUFM has appointed Australian Unity Property Management Pty Ltd ABN 76 073 590 600 (‘AUPM’) (a related party) to provide some property management services to the Trust. Investor approval has not been sought as the appointment has been made on arm’s length commercial terms.

AUFM and AUPM are wholly owned subsidiaries of Australian Unity Limited ABN 23 087 648 888 and are members of the Australian Unity Group.

AUPM

AUPM is a property management business that may, under a written arrangement, provide some of the following services to the Trust as nominated from time to time:

- strategic advice on property acquisitions and sales or arranging the sale or acquisition of property assets;
- management of premises;
- debt arranging, debt structure advice, debt facility negotiation and debt management;
- valuation services;
- leasing services; and
- property management and project supervision.

The appointment of AUPM for these services is not exclusive and AUFM may engage external service providers to undertake these functions.

From 1 July 2011 up to the date of this document property management and project supervision services to the value of \$52,161 have been provided by AUPM.

Other related party service providers

AUFM may appoint other related parties from time to time. Please refer to our website australianunityinvestments.com.au for updates.

Monitoring of related party transaction and conflicts management

Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties.

Australian Unity has policies and guidelines in place to manage the 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. Decisions in relation to conflict of interest and related party transactions are documented.

Updates to related party transactions and further information

As appropriate, we will provide ongoing updates of material service engagements and financial benefits that are paid to related parties through updates to this Continuous Disclosure Notice.

The value of related party payments are reported yearly as part of the Trust's audited annual accounts. The latest annual audited accounts for the Fund can be found on our website australianunityinvestments.com.au. Alternatively we can send you a copy free of charge by calling us on 13 29 39.

Disclosure Principle 7 – Distribution practices

Distributions are currently met from net income and net realised capital gains and are paid quarterly. Generally, net investment income is paid to you after the end of the Trust's distribution period. Any net realised gains earned by the Trust are generally not paid until the end of the financial year. Generally, the standard practice is to source distributions from net income and net realised gains only. The distribution policy will be aligned to the ongoing earning capacity of the Trust.

Although it is not our intention to source future distribution payments from sources other than net income and net realised capital gains, 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 Trust's withdrawal arrangements is contained in the withdrawals section of the relevant PDS available on our website australianunityinvestments.com.au

For further enquiries

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

Contact us

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