



GENERATION **HEALTHCARE** REIT
(ASX CODE: GHC)

HALF YEAR RESULTS PRESENTATION

31 DECEMBER 2014



generationreit.com.au

AGENDA ►

► Generation Healthcare REIT Overview	3
► Half Year Highlights	11
► Financial Results	13
► Portfolio Overview	17
► Recent Transactions	21
► Capital Management	23
► Organic Growth Pipeline	27
► Outlook	34
► Appendices	37





GENERATION HEALTHCARE REIT OVERVIEW ➤

GENERATION HEALTHCARE REIT – OVERVIEW ►

Only dedicated healthcare property entity listed on ASX

- Fund established in 2006
- Exclusive focus: Healthcare property
- Defensive sector given unique and growing demand profile
- High quality portfolio of 13 properties including hospitals, medical centres, laboratories and other purpose-built healthcare facilities
- Quality tenants, high occupancy and long weighted average lease term
- Strong total return outperformance
- Attractive organic growth profile
- Management with long dated sector specific experience

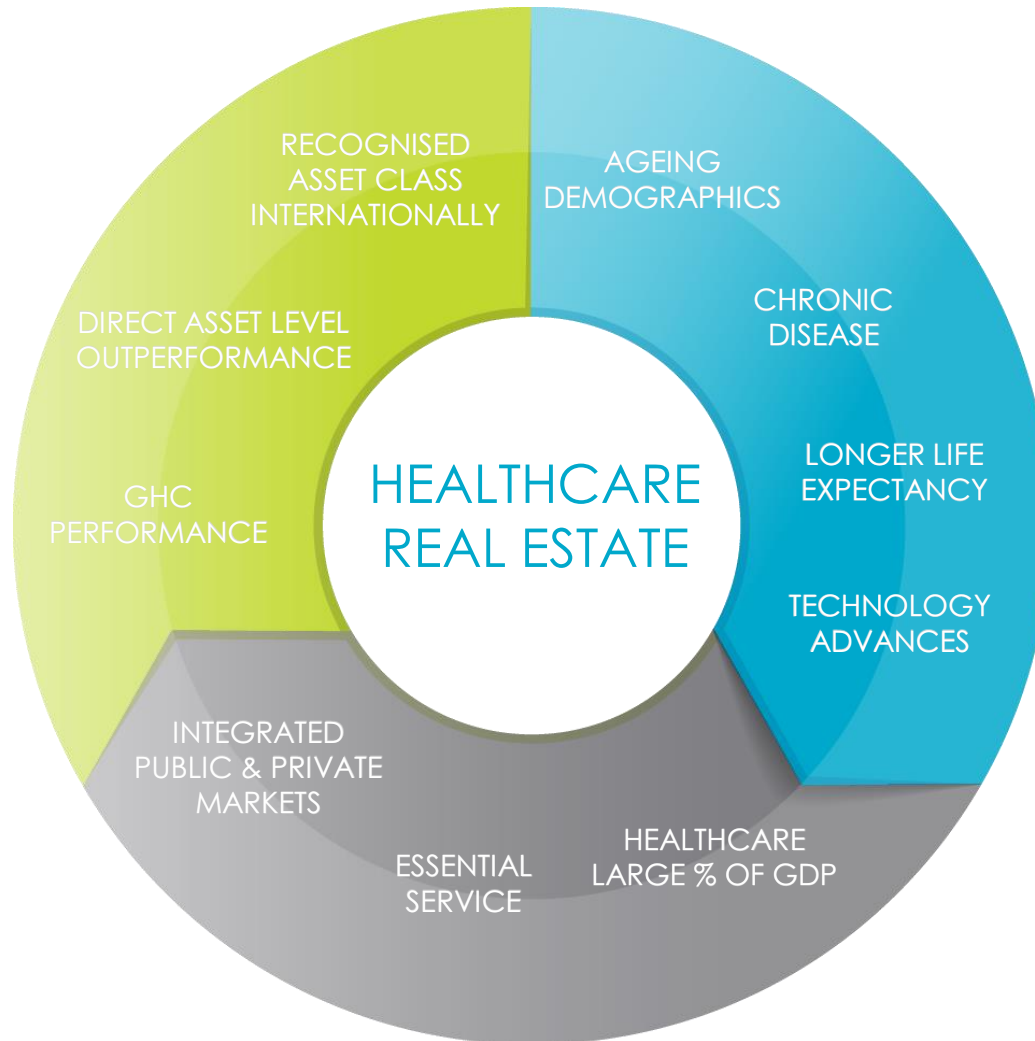


WHY HEALTHCARE PROPERTY ►

- Healthcare industry stands to benefit from long-term industry demand drivers
- Healthcare is largely a mandatory spend rather than discretionary
- Healthcare real estate assets are well placed to capture long term growth and value creation taking place within broader healthcare industry
 - Relatively low levels of institutional ownership of healthcare property provides opportunity
 - Property sector-leading historical risk-adjusted returns (as measured by independent research house IPD) since the inclusion of health property from 2007
 - High barriers to entry
 - Stable regulatory environment and politically sensitive to material changes
 - Largely purpose built facilities

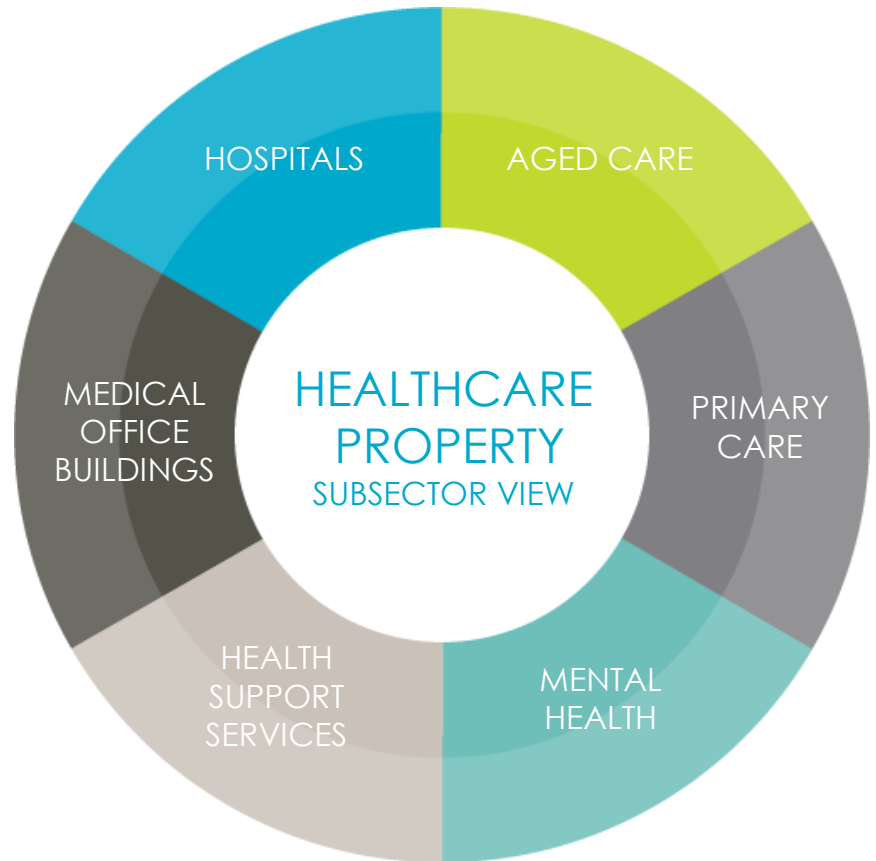


HEALTHCARE REAL ESTATE RATIONALE ➤



GHC MANDATE AND INVESTMENT UNIVERSE ➤

To invest into high
quality healthcare
property to derive
attractive risk
adjusted returns
for our investors



GHC – A SNAPSHOT ►

TOTAL ASSETS
\$341 million

NTA PER UNIT
\$1.08

NET DEBT AS % OF
TOTAL ASSETS
33%

NUMBER OF PROPERTIES
13

OCCUPANCY
98.6%

WALTE
11.6 years

FY15 FORECAST UNOI
9.60 cpu

FY15 FORECAST DPU
8.58 cpu
(89% payout)

FY15 FORECAST
INCOME YIELD¹
5.64%

1. FY15 forecast DPU of 8.58 cpu divided by the closing unit price on 31 December 2014 of \$1.52

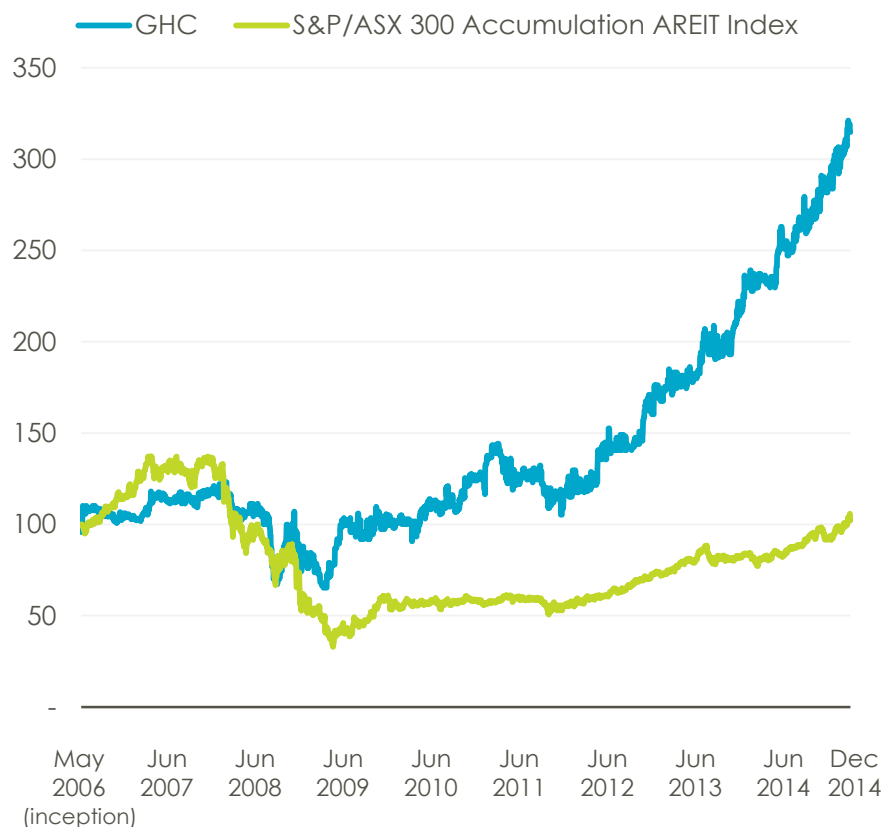
GHC PERFORMANCE ➤

Significant outperformance over the short, medium and longer term

- GHC outperformed the S&P/ASX 300 Property Accumulation Index by 6.0% in the first half of FY15

Returns Per Annum	GHC ¹	Benchmark	Over / (Under) Performance
6 months ²	18.7%	12.7%	6.0%
1 year	33.2%	26.8%	6.4%
3 years	37.0%	21.8%	15.2%
5 years	25.1%	12.0%	13.1%
Since Inception	14.2%	0.2%	14.0%

- The outperformance in the first half of FY15 gave rise to a performance fee entitlement to the Manager of \$1.98 million. Given the 1.5% total cap, \$1.57 million will be issued and the balance will roll forward into the next assessment period. Payment of the performance fee will be satisfied by the issue of units in GHC on 27 February 2015



Source: Bloomberg as at 31 December 2014 close

1. Capital appreciation of GHC units during the year, assuming reinvestment of distributions paid
2. Six month return is for the 6 month period, not annualised

RECENT AWARDS/ACHIEVEMENTS ►



The Australian Property Institute



Property Investment
Research



BDO International

A large, stylized sun graphic in the top right corner, composed of a solid blue semi-circle and several blue rectangular rays of varying lengths extending outwards.

HALF YEAR HIGHLIGHTS ➤

HALF YEAR HIGHLIGHTS >

Highlights during HY15

MEASURE	HIGHLIGHT
UNOI	<ul style="list-style-type: none"> ➤ Underlying Net Operating Income (UNOI) was \$8.4 million¹ up 78% on the prior corresponding period (pcp) ➤ FY15 full year UNOI guidance upgrade by 4.3% to 9.6 cpu
Distributions	<ul style="list-style-type: none"> ➤ 4.20 cpu for the December 2014 half year up 5% on pcp ➤ Forecast for the June 2015 half year 4.38 cpu, up 9.5% on pcp
Rent & Leases	<ul style="list-style-type: none"> ➤ Like-for-like rental growth of 2.7% on pcp ➤ Weighted Average Lease Term to Expiry (WALTE) of 11.6 years
Projects	<ul style="list-style-type: none"> ➤ Casey Specialist Centre (Casey Stage 1) is complete and is income producing from February 2015 ➤ Advanced organic growth projects at Epworth Freemasons Cancer Centre, Frankston Private and Casey Stage 2
Announcements & Transactions	<ul style="list-style-type: none"> ➤ July 2014 - Healthscope committed to Frankston Private including major expansion of the facility. Also the Fund acquired an adjacent site for medium term growth ➤ August 2014 – Entered into a Memorandum of Understanding with St John of God Health Care for Casey Stages 2 and 3
Capital Management	<ul style="list-style-type: none"> ➤ Reduced debt pricing, extended tenor and diversified maturity risk
GHC Performance	<ul style="list-style-type: none"> ➤ GHC total return (change in unit price + distributions) for the 6 months to 31 December 2014 was 18.7%, significantly outperforming the S&P/ASX 300 A-REIT Accumulation Index by 6.0% ➤ Received industry recognition during 2014 from The Australian Property Institute, Property Investment Research and BDO International

1. UNOI excludes: property revaluations, movements in derivatives and any Manager's performance fees– refer Appendix A



FINANCIAL RESULTS >

SUMMARY P&L AND BALANCE SHEET ➤

Strong operating result

- **Underlying Net Operating Income (UNOI)** – increased by 78% as a result of rental growth, rent from acquisitions, increased interest income and lower finance costs
- **Statutory profit** – increased by 149%, positively impacted by property revaluations, lower Manager's performance fee but reduced by derivative revaluations

P&L	HY15	HY14	Change
UNOI	\$8.4m	\$4.7m	78%
UNOI per unit	4.81c	4.63c	4%
Statutory profit	\$7.9m	\$3.2m	149%
Distributions per unit	4.20c	4.00c	5%

Robust balance sheet

- **Total assets** – up \$16.5 million as a result of revaluation increases of \$4.8 million, construction expenditure at Casey of \$10.0 million and acquisition of land through associate of \$1.6 million
- **Gearing** – increased to 33.3% with debt drawn to fund construction costs at Casey and investment in development land

Balance Sheet	Dec 2014	June 2014	Change
Total assets	\$341.4m	\$324.9m	5%
Gearing ¹	33.3%	31.3%	2%
Statutory NTA / unit	\$1.08	\$1.07	1%
"Property" NTA / unit ²	\$1.14	\$1.12	1%

1. Net debt to total assets (excl. restatement of ground lease at ARCBS as a finance lease)

2. Statutory NTA excluding the interest rate derivatives

Refer to Appendix A for details of financial statements

PROFIT BRIDGES >

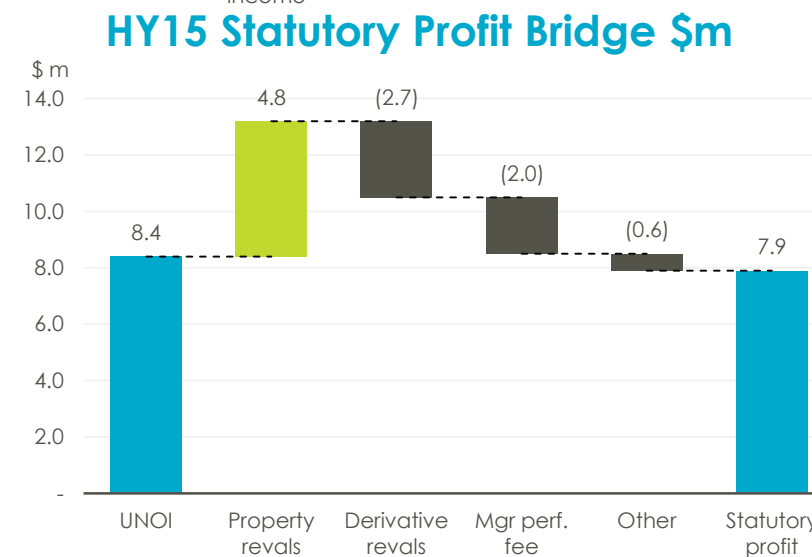
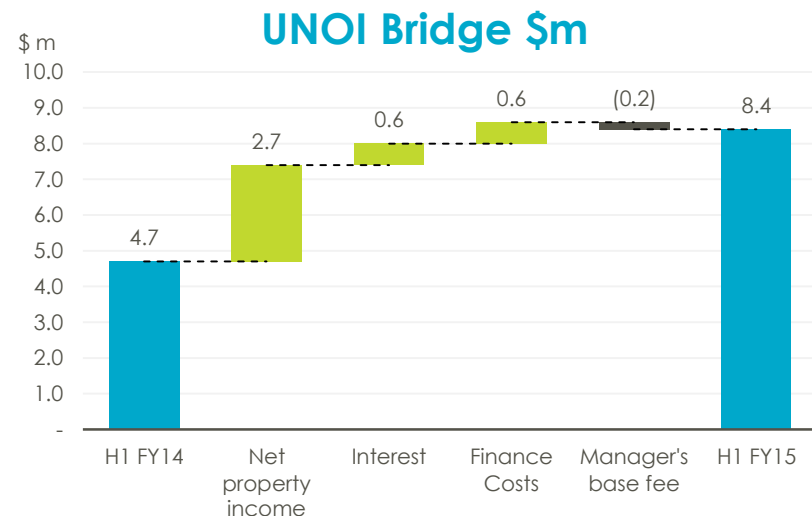
UNOI Bridge from HY14 to HY15

- > Key drivers of the movement between HY14 and HY15 UNOI:
 - Increase in net property income - \$2.7 million
 - Increase in interest income - \$0.6 million
 - Lower finance costs of \$0.6 million

Reconciliation of UNOI to Statutory Profit

- > Key differences between UNOI and Statutory Profit:
 - Property revaluations - \$4.8 million¹
 - Derivative revaluations - \$(2.7) million
 - Manager performance fee - \$(2.0) million, this is a non cash item settled by the issue of units²
 - Impairment of loan - \$(0.5) million

1. Includes adjustments for straight lining of rents
2. Given the 1.5% total cap, \$1.57 million will be issued and the balance will roll forward into the next assessment period

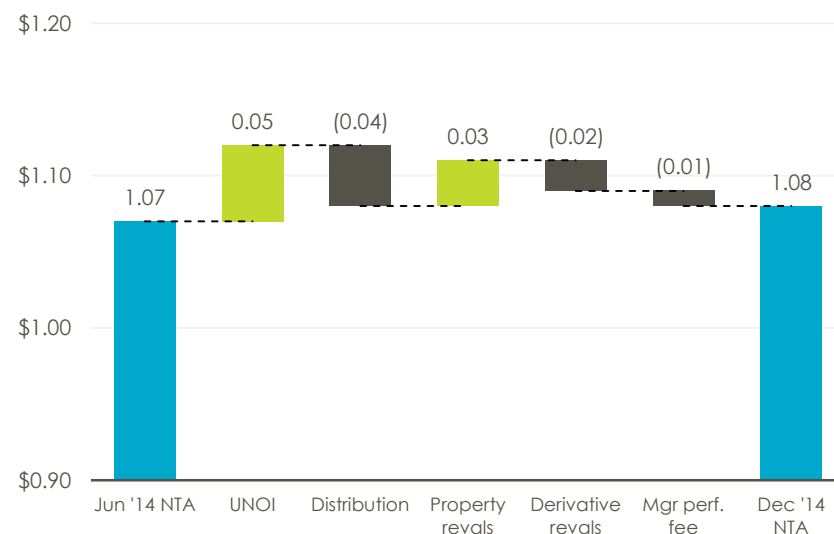


MOVEMENT IN NTA ➤

Movement in NTA per unit

- Key drivers of the movement between June 2014 and December 2014:
 - UNOI and Distribution - \$0.05 and \$(0.04) cents per unit, respectively
 - Property revaluations - \$4.8 million or \$0.03 per unit
 - Derivative revaluations - \$(2.7) million or \$(0.02) per unit
 - Manager performance fee - \$(2.0) million or \$(0.01) per unit; this is a non cash item and is settled by way of an issue of units²

NTA per Unit¹ Bridge



1. Based on 175m units on issue

2. Given the 1.5% total cap, \$1.57 million will be issued and the balance will roll forward into the next assessment period



PORTFOLIO OVERVIEW ►

PORTFOLIO OVERVIEW ►

Portfolio demonstrates the defensive nature of the health sector with long lease terms, high tenant retention and steady income growth

	HY2015	HY2014
Net property income	\$11.9m	\$9.2m
Occupancy (by income)	98.6%	98.7%
Tenant retention (by expiring income)	87.6%	88.0%
Weighted average lease expiry	11.6 yrs	11.7 yrs
Like-for-like rental growth	2.7%	7.0%
Number of properties	13	10
Number of tenancies	100	85



Australian Red Cross Blood Facility, Qld

- Rental growth on like-for-like basis of 2.7%
- Net property income for HY15 29% higher due to underlying rental growth and contributions from recent acquisition, and further investment in Clarendon St
- Continued strong occupancy ending the half year at 98.6%
- Weighted average lease term of 11.6 years

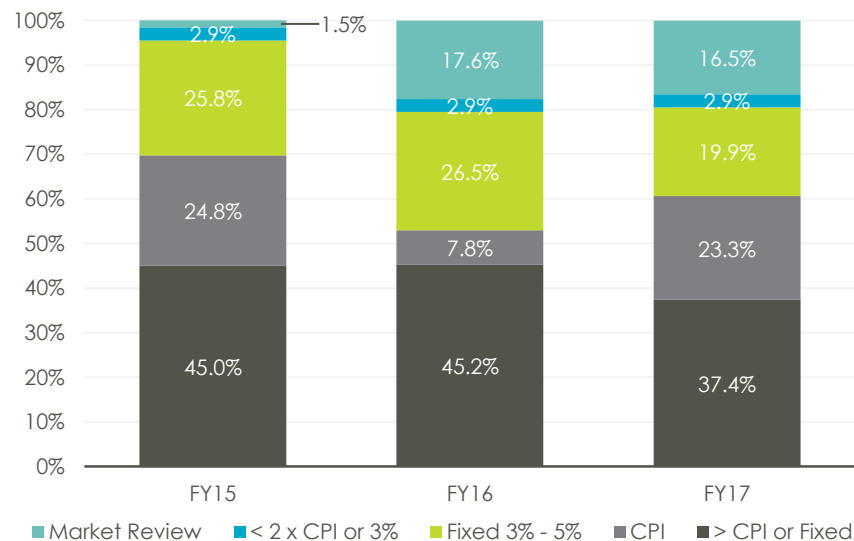
PORTFOLIO OVERVIEW ➤

Growth underpinned by rent review profile

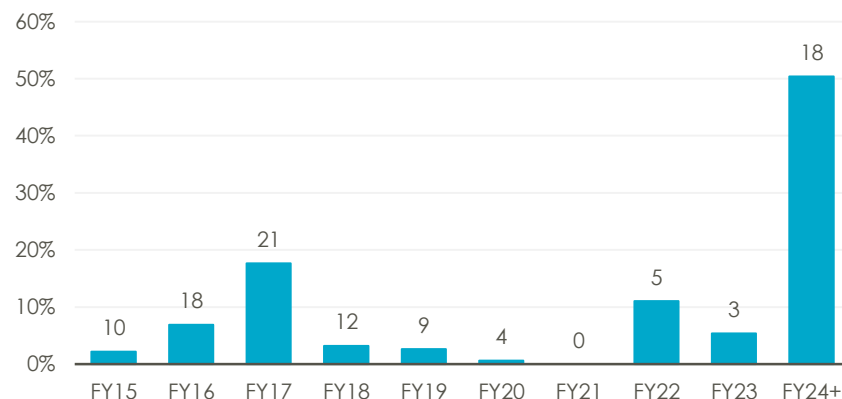
- Rent reviews in FY15, FY16 and FY17 are predominantly CPI, 2 x CPI and 3%, fixed or the greater of CPI or fixed in nature (98.5%, 82.4% and 83.5% respectively)
- Upcoming market rent reviews account for 1.5% of rent reviews for FY15, 17.6% in FY16 and 16.5% in FY17, with these tenancies considered at or around market

Long dated lease expiry

- Day Surgery and Oncology leases at Frankston Private extended out to 20 years by Healthscope with the property WALTE now at 12.4 years from 5.1 years
- Secure Parking lease expiry (Oct 14) at Spring Hill renewed with 7 year lease on materially improved tenor increasing the property's WALTE to 7.1 years from 5.5 years
- No material lease expiries until:
 - **FY16** - Melbourne Health 1.9% of income (Harvester Centre)
 - **FY17** - Boulderstone 7.4% of income (ARCBS), Healthscope 2.9% of income (Pacific Private), ISIS 1.1% (Harvester)



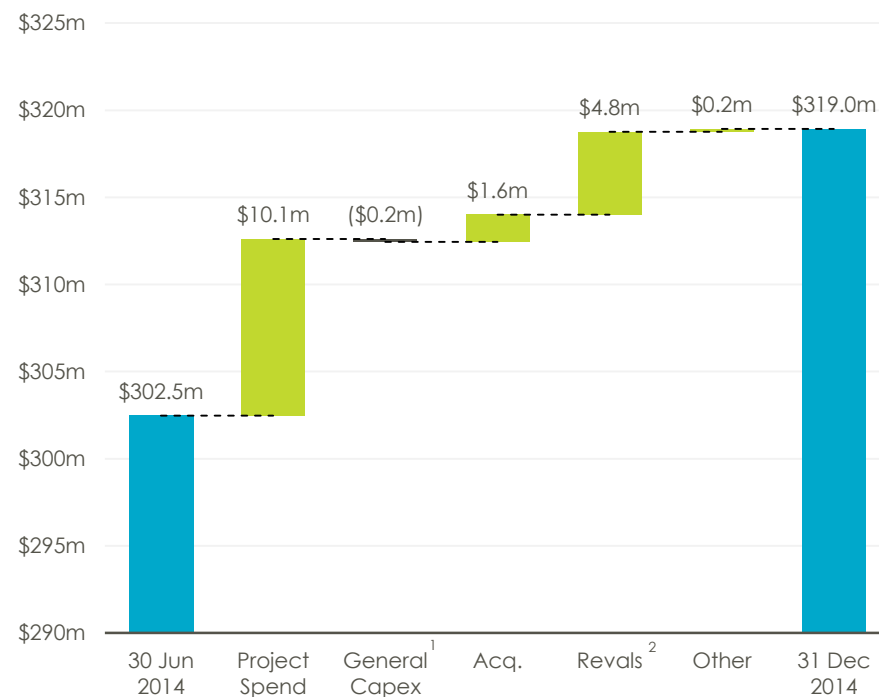
% of Net Income / No. Tenants



PORTFOLIO OVERVIEW >

Property valuations up

- Property portfolio up by 5.5% driven by rental growth, development project profits and uplifts on acquisitions undertaken during the period
- On a like-for-like basis (excluding development properties and acquisitions during the period) property values increased by 0.2%
- All properties experienced value growth with the exception of ARCBS and Pacific Private, where medium term FY17 lease expiries have impacted value



1. Negative due to an insurance refund and cost recharges




2. Includes straight line lease revenue recognition



RECENT TRANSACTIONS ➤



HY15 TRANSACTION SUMMARY ➤

<p>July 2014</p>	<ul style="list-style-type: none"> ➤ Frankston Private Expansion (50% interest) <ul style="list-style-type: none"> - Healthscope acquired two of the tenants (49% of the rent roll) at the joint venture owned Frankston Private. Leases extended by 18 years to 20 years - Entered into an agreement for lease with Healthscope to undertake a circa \$40 million expansion of Frankston Private, on a 20 year head lease at 8.50% return on cost - Unconditional contract to acquire an adjacent 2,021 m² site (settled December 2014) and entered into a 10 year lease for medical consulting to Healthscope. Also provides further medium to longer term expansion potential 	
<p>August 2014</p>	<ul style="list-style-type: none"> ➤ Casey Stages 2 and 3 Memorandum of Understanding (MoU) with St John of God <ul style="list-style-type: none"> - Entered into a non-binding MoU to progress Stage 2 concept plans to develop a scale private hospital comprising 190 beds, six operating theatres, six birthing suites, a cardiac/vascular catheter laboratory, two endoscopy theatres, medical consulting suites and associated car parks - Stage 3 allows for a further capacity expansion to include additional operating theatres, beds and consulting space 	
<p>October / December 2014</p>	<ul style="list-style-type: none"> ➤ Enhancement of primary debt facility <ul style="list-style-type: none"> - Renegotiated pricing (line and margin) with a 51 basis point reduction on 61% of the Fund's debt (based on facility limit) with National Australia Bank - Extended remaining 3.75 year term of a \$38.9 million tranche out to 4.75 years ➤ Extended Divine debt facility and enhanced pricing <ul style="list-style-type: none"> - Negotiated to extend the Divine debt facility by 4 years out to September 2019 and reduced pricing (line and margin) by 35 bps 	

A photograph of a modern staircase with a glass railing and a red and white striped wall, viewed from a low angle looking up. The image is partially obscured by a green horizontal band containing the text.

CAPITAL MANAGEMENT ➤

CAPITAL MANAGEMENT ►

Equity

Item	Outcome
Unit Price	► Strong unit price performance with a 15% increase from \$1.32 to \$1.52 over the half year
Distribution	► Distribution of 4.2 cents per unit for the first half (up 5% on pcps)
Payout Ratio	► Payout ratio of 87% of UNOI for the half year
DRP	► DRP will remain open until further notice with a 2% discount

Debt

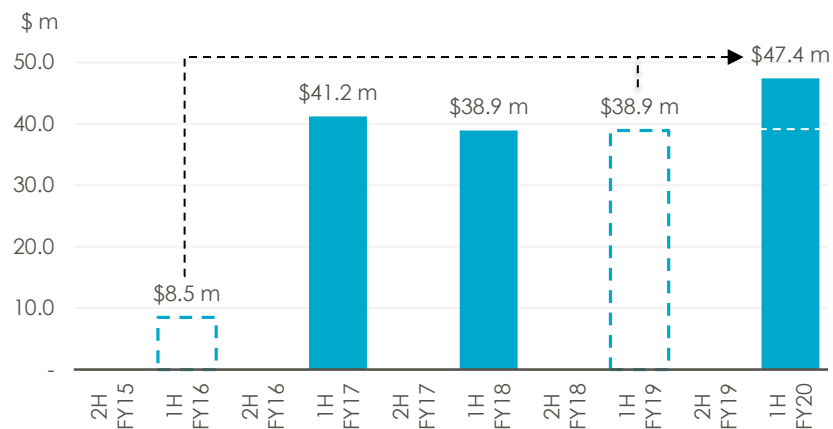
Item	Outcome
Margins	► Renegotiated lower line and margin fees on Facility 1 and 2 (which total \$86.3 million of debt limit) at December 2014
Maturity	<ul style="list-style-type: none">► Facility 1, with a debt limit of \$77.8 million at December 2014, has a maturity of 50% in September 2017 and 50% extended to September 2019► Facility 2, with a debt limit of \$8.5 million at December 2014, had its maturity extended to September 2019► First debt maturity not until July 2016 for Facility 3 which has a debt limit of \$41.2 million
Funding lines available	► Current undrawn debt capacity of \$15.0 million. Balance sheet capacity created to support increased debt lines for projects
Bank relationships	► Strong existing bank support and a high level of interest expressed by new lenders

CAPITAL MANAGEMENT - DEBT ➤

Debt position

- Diversification of maturity risk profile achieved
- Strong bank support
- Additional forward dated hedging contracted to manage interest rate risk

Debt (limits) maturity profile \$m



Debt profile

	Dec 2014	Jun 2014
Gearing ¹	33.3%	31.3%
Weighted average facility term	3.1 yrs	3.0 yrs
Weighted average hedged term ²	3.2 yrs	3.5 yrs
Weighted average cost of debt	6.95%	6.99%
% fixed/hedged	84%	75%

1. Excludes the restatement of the ground lease at Australian Red Cross Blood Service as a finance lease liability

2. Excludes forward start hedges

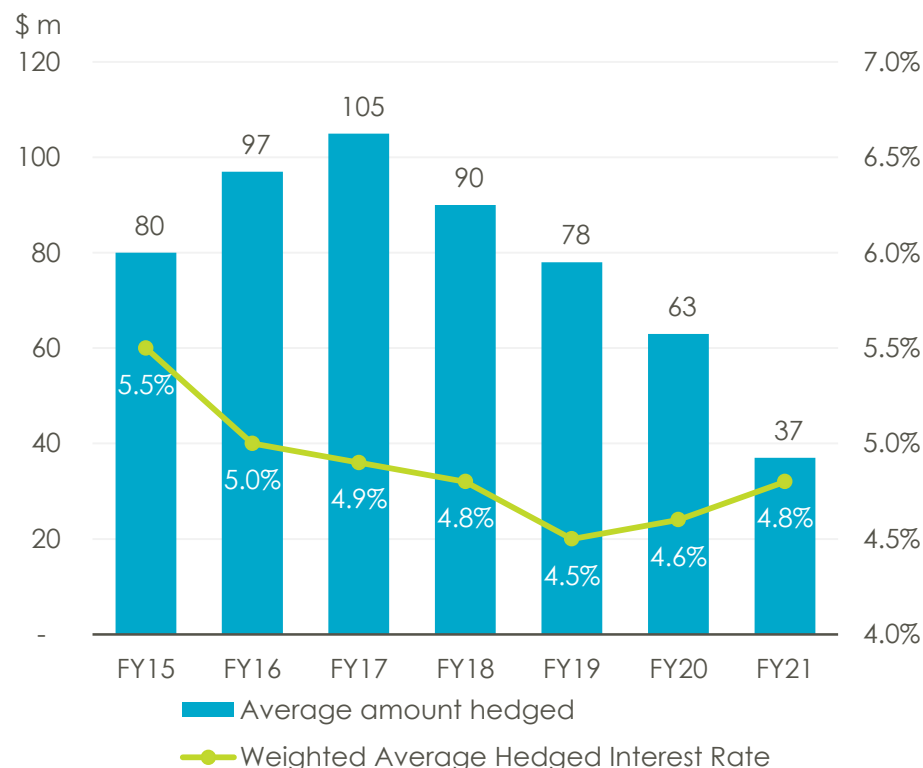
CAPITAL MANAGEMENT - DEBT ➤

Hedging summary

as at 31 December 2014

- Average debt hedged: \$85 million
- Weighted averaged interest rate of hedged debt (excluding line and margin): 5.4%
- 3.2 years weighted average maturity of hedges¹
- Entered into new forward start hedges of \$25 million given the low interest rate environment
- Higher hedged rates reflect historical swaps
- Focus on mitigating interest rate risk through the cycle

Hedging profile by financial year



1. As at 31 December 2014 excluding forward start hedges



ORGANIC GROWTH PIPELINE ►



ORGANIC GROWTH PIPELINE OVERVIEW ►

Building growth in unitholder value

		Forecast Start Date	Forecast End Date	Estimated Total Project Cost ³	Income Return
Committed					
1	Casey Medical and Specialist Centre (Stage 1)		Complete	\$19 m ¹	Circa 9%
2	Epworth Freemasons Cancer Centre ²	FY2016	Circa 18 month construction	\$25 m	8.50% ⁴
3	Frankston Private Expansion ^{2, 3}	Calendar 2015	Circa 18 month construction	Circa \$20 m	8.50% ⁴
				Circa \$64 m	
Work In Progress					
4	Casey Private Hospital (Stage 2) ³	TBC	TBC	Circa \$50.0 m	N/A
5	Waratah Private Hospital	N/A	N/A	TBC	N/A

1. \$19 million includes costs of \$2.5 million representing early works for Casey Stages 2 and 3

2. Subject to town planning approval

3. GHC share

4. The income return is the contracted rental yield on the total forecast project cost

ORGANIC GROWTH PIPELINE - CASEY ►

Casey Specialist Centre

Update

- Completed and income producing from February 2015
- Three anchor tenants, St John of God Health Care (Day Oncology), MIA Radiology (Radiology) and GenesisCare (Radiotherapy), in aggregate total 63% of forecast rent
- St. John of God committing to the pathology, pharmacy and cafe areas, taking total pre-commitment to 76%
- Leasing of consulting space to doctors now the focus following signing of a Memorandum of Understanding on Stage 2

Background

- State-of-the-art specialist centre with a focus on cancer services, located in one of Victoria's largest and fastest growing municipality
- 3,500 m² of net lettable area across 4 levels
- 71 basement and on-grade car parks
- Key tenants: St. John of God, GenesisCare and MIA Radiology



Stage 1 - status as at January 2015



Stage 1 - status as at January 2015

ORGANIC GROWTH PIPELINE - CANCER CENTRE ►

Epworth Freemasons Cancer Centre Project

Update

- Detailed design and preparation for town planning currently in progress
- Master plan approach taken to town planning for the broader Clarendon St site to provide for longer term expansion
- Estimated FY2016 start subject to town planning

Background

- A new, circa \$25 million, Cancer Centre to be developed on a to be sub-divided 745 m² part of the Clarendon Street site (subject to development approval)
- To be owned 100% by GHC with Epworth to have the right but not the obligation to fund any excess greater than \$25 million and have a resulting ownership interest
- Linking existing and proposed cancer services across the Clarendon Street campus including radiotherapy, chemotherapy and consulting
- In addition, major upgrade works of \$59 million to the co-located hospital building continues to progress (with the Fund contribution being \$12.5 million paid in June 2014), reinforcing Epworth's commitment to the site



Epworth Freemasons Cancer Centre, Melbourne, VIC (new build)¹

Forecast total project cost	~\$25.0m
Forecast return on cost	8.50%
Lease type	Head lease
Initial lease term ¹	20.0 years
Annual reviews	>CPI or 3.5%
Occupancy	100.0%
Site area	~745 m ²
NLA	~4,000 m ²
Major tenants	Epworth Foundation

1. Lease to commence in line with start date of extended lease on Epworth Freemasons Clarendon Street

ORGANIC GROWTH PIPELINE - FRANKSTON PRIVATE

Frankston Private Hospital Expansion project

Update

- Concept plan with Healthscope being formalised and hospital design in progress
- Settled ancillary development site in December 2014, leased for 10 years to Healthscope for medical consulting
- Town planning approval to be obtained, tender construction and initiate the project
- Estimated start – calendar 2015

Background

- Healthscope, Australia's second largest private healthcare operator, pre-committed, via a head lease, to a major facility expansion to provide inpatient beds, medical consulting and car parking
- Facility expansion via return on cost model at 8.5% on cost. Estimated project cost of circa \$40 million (minimum 50% being for GHC, i.e. \$20m)
- Healthscope have determined the focal point of the development to be on the Frankston-Flinders Road fronted site
- Master planning also being undertaken for the longer term



Frankston Private Hospital, Melbourne, VIC (expansion)

Forecast total project cost (GHC's 50% share)	~\$20m
Forecast return on cost	8.50%
Lease type	Head lease
Annual reviews	Lesser of 2xCPI or 3.0%
Occupancy	100.0%
Major tenants	Healthscope Ltd

ORGANIC GROWTH PIPELINE - CASEY >

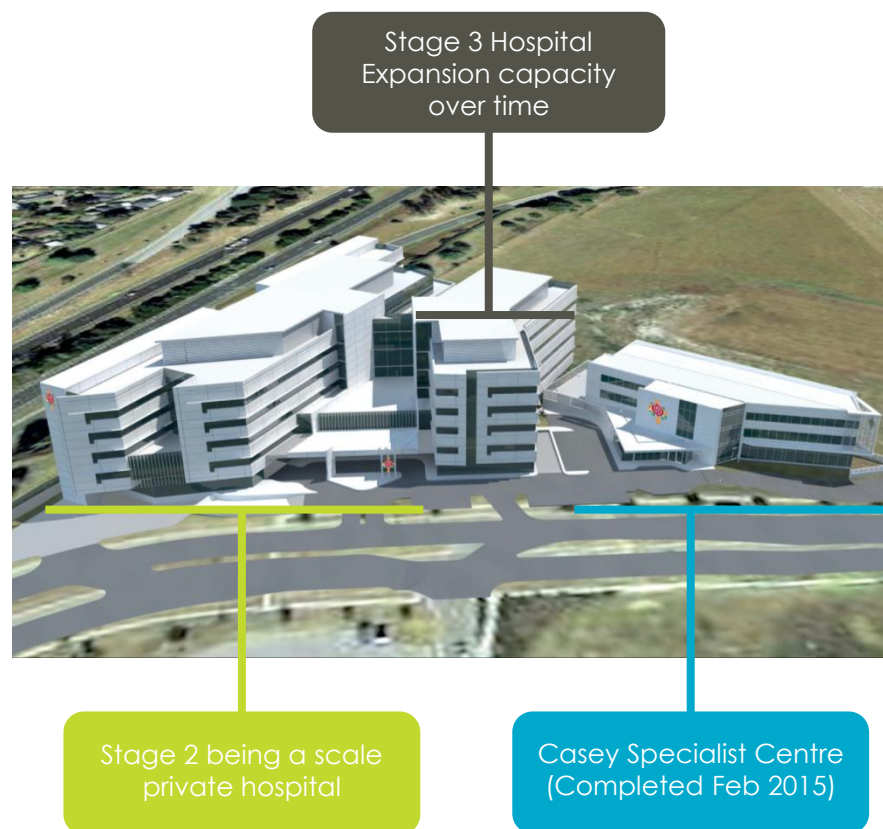
Casey Private Hospital - Stage 2 and 3

Update

- Design development for the hospital committed and well underway

Background

- Strategic land holding opposite Casey Public Hospital for Stages 2 and 3
- Stage 2 – scale private hospital (approximately \$120 million) with 190 beds, 6 theatres, 6 delivery suites and additional car parking to deliver a total of 430 car spaces across all the sites
- Signed Memorandum of Understanding with Australia's largest not-for-profit private healthcare group – St John of God Health Care
- Joint venture ownership of base building and car park circa \$50 million for GHC. Tenant to fund own fit out



ORGANIC GROWTH PIPELINE - WARATAH ►

Waratah Private Hospital

Update

- Facility continues to ramp up
- Provision of additional services inclusive of rehabilitation
- Joint venture with GenesisCare, Australia's largest provider of radiotherapy, for radiotherapy and day oncology operational
- Launched Waratah Imaging in partnership with Alfred Medical Imaging to provide comprehensive medical imaging and radiology services

Background

- A first ranking secured debt investment over the facility
- Evolution Healthcare contracted as hospital operator and Generation Healthcare Management contracted as property manager
- Longer term growth opportunity for GHC





OUTLOOK ►

OUTLOOK ►

Upgrade to FY15 forecast Underlying Net Operating Income Per Unit

- Full year forecast to 30 June 2015 – of 9.60 cpu¹ (a 4.3% increase on prior guidance)

Upgrade to forecast FY15 Distribution Per Unit

- Full year forecast of 8.58 cpu, **an increase of 7.3%** on FY14
- Guidance for June 2015 half year distribution upgraded to 4.38 cpu (represents a 9% increase on pcp)
- Forecast payout ratio of 89%

Future potential upside to earnings (outside of FY15)

- EPU accretive growth projects, generating circa 8.5% income return to be funded via debt and are forecast to become income producing in FY17 onwards

1. Excludes any performance fees to the manager that may become due and payable

KEY AREAS OF FOCUS FOR MANAGEMENT ►

1. Continue to grow operational earnings and distributions
2. Continue active management of the portfolio to drive value
3. Operationalise Stage 1 at Casey
4. Progress the:
 - Epworth Freemasons Cancer Centre project
 - Frankston Private expansion project
5. Advancing Stage 2 at Casey with St John of God Health Care and continue the repositioning of Waratah Private Hospital
6. Seek additional growth opportunities that add value to the Fund



APPENDICES ►



APPENDIX A – DETAILED FINANCIAL STATEMENTS ►

Operating Income Statement

	Half year ended 31 Dec 2014 (\$m)	Half year ended 31 Dec 2013 (\$m)	Change (\$m)	(%)
Revenue				
Net property income	11.9	9.2	2.7	29%
Interest Income	0.7	0.1	0.6	600%
	12.6	9.3	3.3	35%
Expenses				
Finance costs	(3.2)	(3.8)	0.6	16%
Responsible Entity's fees ¹	(0.9)	(0.7)	(0.2)	(29)%
Other	(0.1)	(0.1)	-	-
	(4.2)	(4.6)	0.4	9%
Underlying Net Operating Income	8.4	4.7	3.7	78%

1. This is the base management fee excluding any performance fee entitlement

APPENDIX A – DETAILED FINANCIAL STATEMENTS ►

Balance Sheet

	31 December 2014 (\$m)	30 June 2014 (\$m)
Current assets		
Current assets	4.7	5.5
	4.7	5.5
Non-current assets		
Trade and other receivables	19.7	19.4
Loans carried at amortised cost	9.1	8.6
Investment properties	285.3	270.8
Equity accounted investments	22.6	20.6
	336.7	319.4
Total assets	341.4	324.9
Current liabilities		
Payables	11.4	8.4
Borrowings	0.4	0.4
Derivatives	1.9	2.3
Distribution payable	7.4	4.8
	21.1	15.9
Non-current liabilities		
Payables	2.0	7.4
Borrowings	121.0	108.6
Derivatives	8.7	5.6
	131.7	121.6
Total liabilities	152.8	137.5
Net assets	188.6	187.4
Equity attributable to unitholders		
Issued Units	176.8	176.2
Retained earnings	11.8	11.2
Total equity	188.6	187.4
Net tangible assets (NTA) per unit	\$1.08	\$1.07
Property net tangible assets (NTA) per unit¹	\$1.14	\$1.12

1. Excluding the fair value of derivatives

APPENDIX A – DETAILED FINANCIAL STATEMENTS ►

Cashflow Statement

	Half year ended 31 December 2014 (\$m)	Half year ended 31 December 2013 (\$m)
Operating		
Rental and other property receipts	14.8	11.5
Property & other payments	(4.4)	(4.2)
Distributions received from equity accounted investment	0.7	0.6
Borrowing costs paid	(3.6)	(4.4)
Interest received	0.1	-
	7.6	3.5
Investing		
Purchase of investment properties	(2.8)	-
Additions to investment properties & properties under construction	(11.5)	(0.9)
Additions to equity accounted investment	(1.9)	-
Loans advanced	(0.4)	(6.9)
	(16.6)	(7.8)
Financing		
Proceeds from issue of units	-	18.0
Unit issue costs	(0.1)	(0.4)
Proceeds from borrowings	15.0	74.3
Repayment of borrowings	(2.8)	(85.9)
Distributions to unitholders	(4.1)	(2.3)
Net cash provided by financing activities	8.0	3.7
Net Increase/(Decrease) in cash held	(1.0)	(0.6)
Cash at beginning of the half year	3.2	1.9
Cash at end of the half year	2.2	1.3

APPENDIX B – GHC PORTFOLIO ➤

	EPWORTH FREEMASONS PRIVATE HOSPITAL AND MEDICAL CENTRE ¹	EPWORTH FREEMASONS PRIVATE HOSPITAL (CLARENDON STREET)	FRANKSTON PRIVATE	HARVESTER CENTRE	AUSTRALIAN RED CROSS BLOOD SERVICE FACILITY (ARCBS)
					
Location	Melbourne, VIC	Melbourne, VIC	Frankston, VIC	Melbourne, VIC	Brisbane, QLD
Description	Maternity hospital, day surgery, consulting & ancillary services	Hospital with ancillary diagnostic and cancer services	Day surgery, cancer services, diagnostic and medical office building	Medical office building	Blood testing, processing and distribution centre, part of University Medical School
Built	1980s	1935, with extensions 1950s, 60s, 70s, 90s, 2007, 2014/15	2006	Complete building refurbishment and extension 2007	2008
Book value	\$45.4 million	(50% Interest) \$35.1 million	(50% Interest) \$18.5 million	\$13.9 million	\$71.5 million
Major tenant(s)	Epworth Foundation	Epworth Foundation	Healthscope Ltd, GenesisCare, MIA Radiology	Melbourne Health (State Government)	ARCBS
WALTE	8.1 years	19.4 years	12.4 years	1.3 years	16.7 years
Site area	4,490 m ²	9,173 m ²	3,916 m ²	5,021 m ²	6,897 m ²
NLA	8,584 m ²	13,990 m ²	4,528 m ²	4,413 m ²	20,250 m ²
Occupancy	100%	100%	100%	100%	100%
Rental reviews	Combination of CPI, fixed and market reviews	Annual reviews to be the higher of CPI or 3%	Combination of CPI, fixed, lower of 2x CPI or 3% and market reviews	Combination of CPI, fixed and market reviews	Higher of CPI or 3-4% and mid term market review for ARCBS

1. The Fund has a contract to acquire the land for \$10.7 million (plus costs) subject to registration of a plan of subdivision. There is an 18 month notice period attached to the contract.

APPENDIX B – GHC PORTFOLIO ➤

	PACIFIC PRIVATE CLINIC	LEADING HEALTHCARE BENDIGO	WESTMEAD REHABILITATION	SPRING HILL
				
Location	Gold Coast, QLD	Bendigo, VIC	Westmead, NSW	Brisbane, QLD
Description	Day surgery and medical office building	Primary Care Medical Centre	Rehabilitation Hospital	Day surgery and medical office building
Built	2000	2012	2005	1988, with periodic upgrades since
Book value	\$28.4 million	\$9.0 million	\$22.4 million	\$45.4 million
Major tenant(s)	Healthscope Limited	IPN, Pacific Smiles, Melbourne Pathology	Pulse Health Ltd	Cura Day Hospitals, Virtus Health, Secure Parking
WALTE	3.8 years	7.8 years	23.4 years	7.1 years
Site area	3,723 m ²	2,034 m ²	5,305 m ²	5,771 m ²
NLA	7,955 m ²	2,378 m ²	2,702 m ²	8,296 m ²
Occupancy	96.2%	74.7%	100%	98.6% (88% leased, 12% subject to 3yr rent guarantee)
Rental reviews	Combination of CPI, fixed and market reviews	4% pa	Greater of CPI or 2.5%	Combination of Fixed and higher of CPI or 3.5-4.5%

APPENDIX B – GHC PORTFOLIO ➤

	CASEY SPECIALIST CENTRE ¹	CASEY DEVELOPMENT SITE (STAGE 2 AND 3)	FRANKSTON DEVELOPMENT	FRANKSTON SPECIALIST CENTRE	WARATAH PRIVATE HOSPITAL (DEBT INTEREST)
					
Location	Berwick, VIC	Berwick, VIC	Frankston, VIC	Frankston, VIC	Hurstville, NSW
Description	Medical office building	Strategic development site	Development Site	Medical office building	Hospital with ancillary diagnostic and cancer services
Built	Completed February 2015	NA	NA	1989	2010
Book value	\$20.4 million	\$1.9 million	(50% interest) \$2.2 million	(50% interest) \$1.7 million	\$9.1 million
Major tenant(s)	St. John of God, GenesisCare, MIA Radiology	NA	Zaly Pty Ltd (note – redevelopment provision subject to notice period)	Healthscope Ltd	NA
WALTE	NA ¹	NA	1.42 years	9.9 years	NA
Site area	Stage 1 – 4,700 m ²	Circa 7,500 m ² for stages 2 & 3	2,775 m ²	2,021 m ²	2,696 m ²
NLA	Stage 1 – 3,500 m ²	NA	885 m ²	600 m ²	13,497 m ²
Occupancy	NA ¹	NA	100%	100%	NA
Rental reviews	NA ¹	NA	Nil	Lower of 2x CPI or 3%	NA

1. Casey Specialist Centre was under construction at 31 December 2014

APPENDIX C – GHC VALUATION METRICS ➤

As at 31 December 2014	Book Value(\$m) ¹	Last External Valuation	Cap Rate ¹	Discount Rate	Major Tenant	WALTE (yrs)	Lettable Area (m ²)	Occupancy
Epworth Freemasons Victoria Parade	45.4	30 Jun 2013	8.25%	9.50%	Epworth Foundation	8.1	8,584	100.0%
Epworth Freemasons Clarendon Street ²	35.1	30 Jun 2014	7.25%	9.00%	Epworth Foundation	19.4	13,990 ²	100.0%
Frankston Private ²	18.5	31 Dec 2013	8.00%	9.50%	Healthscope Ltd, GenesisCare, MIA Radiology	12.4	4,528 ²	100.0%
Harvester Centre	13.9	30 Jun 2014	9.25%	9.75%	Melbourne Health	1.3	4,413	100.0%
ARCBS Headquarters	71.5	31 Dec 2014	7.85%	9.50%	Australian Red Cross Blood Services	16.7	20,250 ³	100.0%
Pacific Private Clinic	28.4	31 Dec 2013	9.75%	9.75%	Healthscope Ltd	3.8	7,955	96.2%
Leading Healthcare Bendigo	9.0	31 Dec 2012	8.00%	9.00%	IPN, Pacific Smiles, Melbourne Pathology	7.8	2,378	74.7%
Westmead Rehabilitation	22.4	30 Jun 2014	8.25%	9.25%	Pulse Health	23.4	2,702	100.0%
Spring Hill	45.4	09 Apr 2014	8.25%	9.75%	Cura Day Hospitals, Virtus Health, Secure Parking	7.1	8,296	98.6%
Casey Specialist Centre (Completed February 2015)	20.4	-	-	-	St. John of God, GenesisCare, MIA Radiology	-	-	-
Casey Development Site (Stage 2 and 3)	5.1	-	-	-	-	-	-	-
Frankston Development Site ²	2.2	-	-	-	Zaly Pty Ltd (note – redevelopment provision subject to notice period)	1.4	885 ²	100.0%
Frankston Specialist Centre ²	1.7	-	-	-	Healthscope Ltd	9.9	600 ²	100.0%
Total Portfolio	319.0		8.20%	9.48%		11.6	74,581	98.6%

1. Based on market rent not passing rent

2. GHC has a 50% interest in Epworth Freemasons Clarendon St, Frankston Private, Frankston Development Site and Frankston Specialist Centre. Lettable area noted as 100%

3. Includes 8,231m² of net exclusive area occupied by QUT under an 80 year lease where rent has been paid in advance

APPENDIX D – CAPITAL MANAGEMENT ►

Debt facilities

31 December 2014

	Facility 1	Facility 2	Facility 3	Total
Limit (\$m)	77.8	8.5 ¹	41.2	127.5
Amount drawn (\$m)	62.8	8.5 ¹	41.2	112.5
Loan to value ratio (LVR) actual	37.1%	45.8%	57.6%	-
LVR covenant ²	60.0%	60.0%	65.0%	-
Interest cover ratio (ICR) actual	4.0x	3.8x	2.1x	-
ICR bank covenant	1.5x	1.5x	1.5x	-
% Hedged	96%	50%	74%	84%
Facility expiry	50% in Sept 2017 50% in Sept 2019	Sept 2019	July 2016	
Security pool	Balance of portfolio excluding Spring Hill	Frankston Private + Development land	Australian Red Cross Blood Service	

1. GHC's 50% share

2. Facility 3 also has a second LVR covenant being drawn debt plus the mark to market of a contracted interest rate swap, divided by the property valuation. As at 31 December 2014 the actual LVR was 62.1% versus a covenant of 70%

MANAGEMENT BIOGRAPHIES >



Miles Wentworth
Chief Executive Officer

With over 20 years experience in financial services, property funds management and health property, Miles has the overall responsibility for the day to day management and performance of Generation Healthcare REIT™. His responsibilities include formulating and implementing the overall strategy for the Fund, capital management and investor relations. Miles holds a Bachelor of Commerce (Accounting) from Otago University, is a Chartered Accountant and a member of the New Zealand Institute of Chartered Accountants.



Chris Adams
Director

Chris has extensive experience in the property industry in Australia, New Zealand and the United Kingdom, including over 20 years experience in the areas of health sector property acquisitions, transaction structuring, large scale hospital developments and portfolio management. Chris's responsibilities include overseeing the property portfolio along with acquisitions and developments undertaken by the Fund. Chris holds a Bachelor of Property from Auckland University.

CONTACT >



Miles Wentworth

Chief Executive Officer

T (03) 8656 1000

E mwentworth@generationreit.com.au

Generation Healthcare REIT

Level 30, 101 Collins Street

Melbourne Victoria 3000 Australia

generationreit.com.au

DISCLAIMER >

A copy of this presentation is available on generationreit.com.au

This presentation was prepared by APN Funds Management Limited (ABN 60080674479) (the "Responsible Entity") in respect of Generation Healthcare REIT (ARSN 118 712 584) ("GHC"). Information contained in this presentation is current as at 16 February 2015. This presentation is provided for information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should, before acting on any information in this presentation, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the extent permitted by law, the reader releases the Responsible Entity and its affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation.

The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Responsible Entity. In particular, they speak only as of the date of these materials, they assume the success of GHC's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place reliance on such forward looking statements. Past performance is not a reliable indicator of future performance.

The Responsible Entity, or persons associated with it, may have an interest in the securities mentioned in this presentation, and may earn fees as a result of transactions described in this presentation or transactions in securities in GHC.