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

PORTFOLIO ACQUISITION AND EQUITY RAISE

28 APRIL 2015

GENERATION **HEALTHCARE** REIT

generationreit.com.au

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AGENDA

- Executive summary
- Acquisition portfolio
- Casey Stage 2
- Equity raise
- Update on other initiatives
- Impact on GHC
- Conclusion
- Key risks and other information
- Appendices

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

- Generation Healthcare REIT ("GHC") is raising equity to fund a portfolio acquisition of aged care properties
- GHC has conditionally contracted to acquire three freehold aged care properties from RSL Care on a 7.65% purchase yield for a total purchase price of $45.8 million:
  1. **Baycrest:** 101 place facility at 99 Doolong Road, Pialba, QLD for a purchase price of $14.4m
  2. **Darlington:** 90 place facility at 126 Leisure Drive, Banora Point, NSW for a purchase price of $13.5m
  3. **Tantula Rise:** 120 place facility at 96 Tantula Road West, Alexandra Hedland, QLD for a purchase price of $17.9m
- RSL Care will continue to operate the facilities under 20 year leases with two 10-year option periods[1]
- GHC and RSL Care have entered into a collaboration agreement under which they will work together to source and secure further aged care assets with property to be owned by GHC and leased to RSL Care under 20 year leases
- The acquisitions provide a range of **benefits** to the Fund:
  - Investment in a sub-sector that has direct exposure to Australia's **ageing population**;
  - Mature portfolio of **high quality aged care assets** with a track record of strong operational performance;
  - **Attractive risk adjusted earnings and returns** for unitholders;
  - **Enhanced portfolio metrics** including increased WALE and occupancy as well as further tenant diversification; and
  - Collaboration agreement allows GHC to partner with RSL Care in relation to its aged care **property related growth** with RSL Care seeking to double its operational places to ~5,000 over the next five years
- In addition to this transaction, GHC and St John of God Health Care (**SJGHC**) have agreed commercial in-principle terms (subject to conditions) for **Casey Stage 2** comprising a new $120 million private hospital which will result in a total investment by the Fund of ~$45 million
- GHC is undertaking a $5.0m placement to a member of the Taverners Group[2] and a $47.0m **non-renounceable entitlement offer of 3 new units for every 17 existing units** at an issue price of $1.50 to fund the acquisitions and provide balance sheet capacity for Casey Stage 2

1. Options exercisable by RSL Care
2. In accordance with the contracted purchase of Spring Hill in June 2014

EXECUTIVE SUMMARY (CONTINUED)

- Forecast FY16 distribution yield of 5.9% on issue price of $1.50 representing **a 5% discount** to the five day VWAP[1] of $1.62
- New units will not be entitled to the June 2015 half year distribution and will initially trade under the ASX code "GHCN". New units will be entitled to distributions for the period commencing 1 July 2015

Earnings and distribution guidance[2]

FY15

- UNOI[3] per unit: 9.56 cpu
- DPU: 8.58 cpu (**reaffirmed**)
- DPU to UNOI payout ratio: 89.7%

FY16

- UNOI[3] per unit: 9.90 cpu (3.56% increase)
- DPU Guidance: 8.84 cpu (3.03% increase)
- DPU to UNOI payout ratio: 89.3%

Pro forma balance sheet[4] and market capitalisation

Total assets

$387m

$341m

Market cap[4]

$343m

$291m

NTA per unit

$1.13

$1.08

Gearing

33%

30%

1. Adjusted for the expected distribution of 4.38 cents per unit to be paid for the 6 months ended 30 June 2015
2. Refer Appendices for assumptions
3. UNOI (Underlying Net Operating Income) per unit is a key performance indicator used by the Responsible Entity and the Manager to measure the underlying performance of GHC. Underlying net operating income adjusts statutory net profit attributable to unitholders to exclude the straight lining of rent, unrealised gains and losses on the revaluation of GHC's interest in investment properties and financial instruments and performance fees paid to the Manager
4. Calculated based on market capitalisation as at 24 April 2015 adjusted for the additional $52.0 million of equity raised.

ACQUISITION PROPERTIES

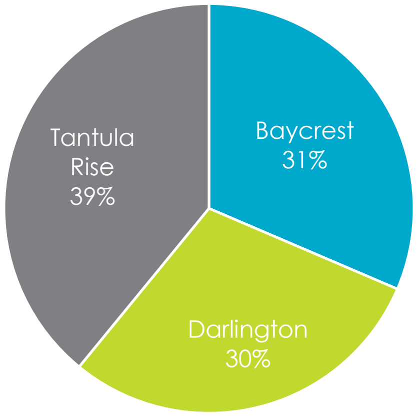
ACQUISITION PORTFOLIO SUMMARY

- The portfolio consists of three mature and high quality aged care facilities comprising 311 places
- Each asset is co-located with an RSL Care retirement village providing vertical integration
  - Settlement of each of the acquisitions is conditional on subdivision of the relevant property from RSL Care's co-located retirement village. This is in progress with the issue of separate titles expected between July and October 2015
  - To enable immediate effective contribution of these properties to the Fund's earnings, an interim secured loan (earning the same rate of return as the proposed 20 year lease) for a maximum 2 year period and a put and call option arrangement has been entered into for each property, to be exercised on the issue of separate title for each individual site
- Occupancy has been consistently high across the portfolio
- Operational performance has been strong with EBITDA per occupied place before head office costs in the $17,000 to $21,000 range across the three facilities which is well above the industry average
- Brownfield expansion opportunities exist at two facilities
- RSL Care is partnering with GHC in relation to its aged care property related growth
  - Aspirations to achieve a further ~2,500 places in 5 years
- Long-term (20 year) leases with annual rent reviews to the lesser of 3% and CPI. Market rent review on the tenth anniversary of commencement date (5% cap and collar). Two 10-year option periods with 18 months minimum notice required

Facility operating metrics (FY2014)

	Total no. places	Occupancy
Baycrest	101	98%
Darlington	90	99%
Tantula Rise	120	98%

Portfolio breakdown by asset value (%)



ACQUISITION PROPERTIES – BAYCREST (QLD)

- Located on the southern side of Doolong Road in the suburb of Pialba
- Pialba is a suburb of Hervey Bay, located approximately 3 kilometres to the south of city centre
- The facility accommodates 101 licensed places with a total floor area of 6,676 square metres
- Co-located with an RSL owned and managed retirement village, which comprises a total of 192 independent living units
- Accredited for a period of 3 years until 23 December 2017[2]

99 Doolong Road, Pialba QLD

Purchase price	$14.4m
Number of places	101
Commencing rental	$1.1m
Purchase yield[1]	7.65%
Proportion of single bed rooms	100%
Lease term	20 years + 2x10 year options
Floor area	6,676 sqm
Date built	Mid 1990s; 60 new beds built 2006
Development potential	Refurbishment or redevelopment of the older 41 beds on the site are envisaged

1. Passing yield at acquisition
2. Aged care facilities undergo an accreditation process in order to continue receiving residential care subsidies from the Australian Government

ACQUISITION PROPERTIES – DARLINGTON (NSW)

- Located on the southern side of Leisure Drive in the suburb of Banora Point (a suburb of Tweed Heads)
- The facility accommodates 90 licensed places with a total floor area of 6,289 square metres
- The facility was built between 2005 and 2007
- Co-located with an RSL owned and managed retirement village which comprises a total of 96 independent living units
- Retail amenity is provided in the township of Tweed Heads, which is located approximately 6 kilometres to the north
- Accredited for a period of 3 years until 3 April 2017[2]
- There is 2,500 square metres of surplus land with development potential (owned by RSL Care)

126 Leisure Drive, Banora Point NSW

Purchase price	$13.5m
Number of places	90
Commencing rental	$1.0m
Purchase yield[1]	7.65%
Proportion of single bed rooms	100%
Lease term	20 years + 2x10 year options
Floor area	6,289 sqm
Date built	2005 and 2007
Development potential	Adjoining land held by RSL Care

1. Passing yield at acquisition
2. Aged care facilities undergo an accreditation process in order to continue receiving residential care subsidies from the Australian Government

ACQUISITION PROPERTIES – TANTULA RISE (QLD)

- Located on the northern side of Tantula Road West in the suburb of Alexandra Headland, adjacent to the Sunshine Motorway and Mooloolaba Road
- Alexandra Headland is a suburb of the Sunshine Coast, located approximately 100 kilometres to the north of Brisbane
- The facility accommodates 120 licensed places with a total floor area of 7,768 square metres
- The facility was built in two stages, the first of which was built in 2005 and comprised a total of 60 places with an additional 60 places built in 2007
- Co-located with an RSL owned and managed retirement village which comprises a total of 40 independent living units built in 2007
- Retail amenity is provided in the Maroochydore township and at Sunshine Plaza, which are located approximately 3 kilometres to the north
- The Sunshine Coast Private Hospital is located less than 2 kilometres to the south west
- Accredited for a period of 3 years until 25 August 2015[2]

96 Tantula Road West, Alexandra Headland, QLD

Purchase price	$17.9m
Number of places	120
Commencing rental	$1.4m
Purchase yield[1]	7.65%
Proportion of single bed rooms	100%
Lease term	20 years + 2x10 year options
Floor area	7,768 sqm
Date built	2005 and 2007

1. Passing yield at acquisition
2. Aged care facilities undergo an accreditation process in order to continue receiving residential care subsidies from the Australian Government

RSL CARE LIMITED OVERVIEW

- RSL Care is a not-for-profit aged care provider that supports the Service and ex-Service community, its dependants and the broader Australian community
- RSL Care is one of Australia's largest providers of aged care, retirement living and community care with 28 communities across Queensland and New South Wales
  - Residential aged care portfolio of 24 facilities having opened its first facility in 1938
- 21 of RSL Care's residential aged care facilities are co-located with a retirement village
- Experienced Board and executive leadership team with a range of relevant skills spanning aged care delivery, health and clinical leadership, corporate governance, law, risk management, property and finance
- Strong residential aged care operating performance underpins the profitability of the broader RSLC business

RSL Care Residential Aged Care Portfolio

	FY14
Number of facilities	24
Operational places	2,304

FY14 Financial Snapshot

($m)	**Residential Aged Care (2014)**	**Total 2014**
Total Revenue	185	257
Total Expenses	153	226
EBITDA	**32**	**31**
Total Assets		930
Total Liabilities		714
Net Assets		**216**

CASEY STAGE 2

CASEY STAGE 2

- GHC and SJGHC have agreed commercial in-principle terms for a new $120 million private hospital in Casey, Victoria
  - 18,000sqm hospital
  - 12,000sqm of basement car parking
- Joint venture ownership with SJGHC with:
  - Joint venture on base building and carpark
  - SJGHC to fund $32 million of building hard fit-out
  - SJGHC to have a right to buy GHC's share at independent market value at years 50, 60 and 70
- SJGHC to head lease the hospital for an initial 20 year term and 5 x 15 year options
- GHC to retain 100% ownership of Casey Stage 1 with GHC and SJGHC to jointly own the land for Casey Stage 3
  - Casey Stage 3 land provides for hospital expansion including additional beds, theatres and medical consulting
- Project physical works forecast to start in late CY15 subject to:
  - final town planning approval;
  - execution of contract documentation;
  - successful completion of the building tender process; and
  - an offer of debt finance on satisfactory terms.
- Total investment for the Fund of ~$45 million to be funded via debt using existing balance sheet capacity created as part of this transaction

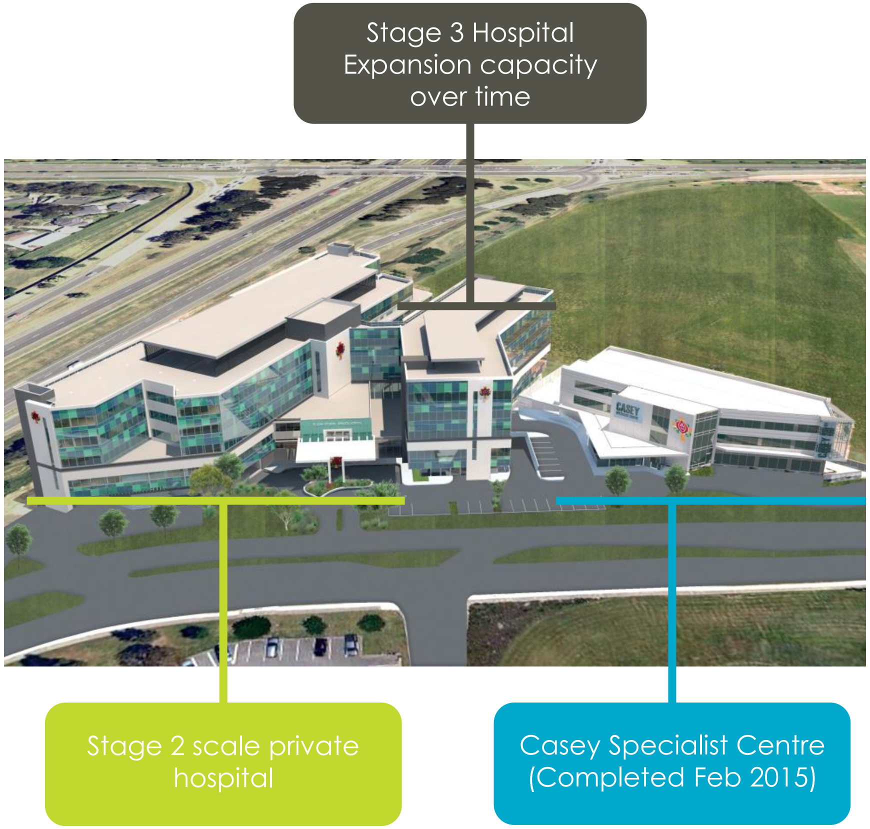
Stage 2 scale private hospital

Hospital features

Private hospital beds	190 (including 64 x shelled)
Operating theatres	6 (including 1 x shelled)
Birthing suites	6
Endoscopy theatres	2
Cardiac/vascular catheter laboratory	1
Car spaces	350

CASEY STAGE 2

- This new private hospital is to be:
  - the second stage of the health campus;
  - co-located with the Casey Public Hospital;
  - state of the art infrastructure; and
  - a material addition of new and/or enhanced services to the catchment.
- St John of God Health Care:
  - is Australia's largest private not-for-profit hospital operator;
  - is Australia's 4th largest pathology provider;
  - has 14 hospitals with 2,519 beds;
  - employs more than 10,500 staff; and
  - turns over in excess of $1.2 billion.



Key metrics

Initial return (on cost)	8.0%
Annual reviews	3.0% fixed
Lease term	20 years
Options	5x15 years

EQUITY RAISE

OFFER DETAILS

- The acquisitions are to be funded by a $5.0m placement to a member of the Taverners Group[1] and a $47.0m non-renounceable[2] entitlement offer of 3 new units for every 17 existing units at an issue price of $1.50
- Eligible Unitholders[3] may choose to take up all or part of their pro rata entitlement
- New units issued under the placement and entitlement offer will not be entitled to the June 2015 half year distribution and will initially trade under the ASX code "GHCN". Effective from commencement of trading on 1 July 2015, new units will commence trading as ordinary GHC units and rank equally in all respects including to future distribution entitlements

Equity raising metrics	
Equity raising offer price	$1.50
Pro forma NTA per unit	$1.13
Discount to theoretical ex-rights price (TERP)[4]	4.3%
Discount to last closing price[4] of $1.64 on 24 April 2015	6.4%
Discount to 5-day VWAP[4] of $1.62 on 24 April 2015	5.1%
Forecast FY16 distribution yield at offer price	5.9%
FY15(f) v FY16(f) DPU growth guidance	3.0%

1. In accordance with the contracted purchase of Spring Hill in 21 May 2014
2. As the entitlement offer is non-renounceable, unitholders will not receive any value for entitlements not taken up
3. Entitlement Offer is to eligible registered unitholders of GHC at the Record Date (1 May 2015). Unitholders resident outside Australia or New Zealand are not eligible to participate the Entitlement Offer
4. Adjusted to exclude the expected 4.38 cpu distribution payable for the period ended 30 June 2015

SOURCES AND USES

- The proceeds raised will be applied to:
  - acquire a portfolio of three high quality aged care facilities from RSL Care
  - fund the acquisition and equity raising costs
  - working capital

Source of funds

	$m
Entitlement offer	47.0[1]
Placement	5.0
TOTAL	**52.0**

Uses of funds

	$m
Acquisition of properties	45.8
Acquisition costs	3.3[2]
Other transaction costs	1.5[3]
Working capital	1.4
TOTAL	**52.0**

1. As the entitlement offer is non-renounceable, unitholders will not receive any value for entitlements not taken up
2. Includes stamp duty and a 1% acquisition fee payable to the Manager, out of which the Manager will pay due diligence and legal costs associated with the property transactions
3. Includes equity raise costs

CAPITAL RAISING INDICATIVE TIMETABLE[1]

Event	Date
Announcement of portfolio acquisition and equity raise	Tuesday, 28 April
Trading in GHC Units resumes on ex-entitlement basis	Wednesday, 29 April
Record date for determining entitlement for the Offer	Friday, 1 May
Retail Entitlement Offer opens	Tuesday, 5 May
Settlement of Institutional Offer and early Retail Offer	Friday, 8 May
Allotment and commencement of trading of Institutional Entitlement Offer and early Retail Entitlement Offer units	Monday, 11 May
Retail Offer closes	Friday, 22 May
Announcement of Retail Entitlement Offer results	Tuesday, 26 May
Allotment of Retail Entitlement Offer and Placement	Friday, 29 May
Commence trading of Retail Entitlement Offer and Placement units (other than units issued on the early allotment date)	Monday, 1 June

1. All dates are indicative only and subject to change at the discretion of GHC in conjunction with the underwriters

UPDATE ON OTHER INITIATIVES

OTHER INITIATIVES

Frankston Private

- Previously announced Frankston Private project has increased in scope from $35 million to $45 million
  - Primarily due to bringing forward works in future stages to deliver Master Plan for the campus
  - GHC to have a 65% interest in the expansion which results in an increased commitment to $29.3 million (67% increase from $17.5 million)
  - Increased investment will deliver increased rental income at the contracted rate of 8.50% p.a.
- Expected physical works to commence in late CY15 (subject to town planning)
- GHC expects to fund this project using existing balance sheet capacity

Acquisition of the Freehold interest of Victoria Parade

- GHC acquired Epworth Freemasons Medical Centre at Victoria Parade in May 2006 on a leasehold basis
  - Contract included an obligation to purchase the freehold land following future subdivision
- The permit for the subdivision of the land has now been issued with steps to enact the subdivision in progress
- Settlement of the $10.7 million purchase price (plus costs including deferred costs on the building) is contracted to occur outside of the FY16 forecast, however this may occur earlier dependent on timing of works and agreement with Freemasons Victoria

OTHER INITIATIVES (CONTINUED)

Epworth Freemasons Cancer Centre project

- The scope previously announced (May 2014) for the Epworth Freemasons Cancer Centre project with Epworth Foundation is currently being revised by Epworth and the Fund
- The scope <u>may</u> include increasing the size of the proposed building to accommodate operating theatres and inpatient beds, as well as a significant underground carpark

Baulderstone Lease, ARCBS

- The Baulderstone Lease (Lend Lease) at ARCBS is due to expire in July 2016
- Lend Lease has confirmed that they will vacate the premises at or before this time
- GHC has reached conditional agreement for an incoming tenant to take up this area which remains subject to certain conditions including execution of a new Deed of Lease

IMPACT ON GHC

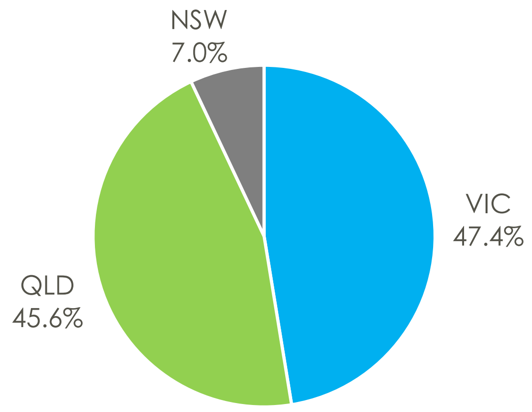
PORTFOLIO KEY METRICS

	As at 31 December 2014	Post acquisitions[2]
Number of properties	13	16
Value of investment properties[1]	$319.0m	$364.8m
Site area	58,886 sqm	89,986 sqm
Net lettable area	74,581 sqm	95,314 sqm
Occupancy	98.6%	98.7%
WALE	11.6 years	12.6 years
Weighted average cap rate	8.20%	8.13%

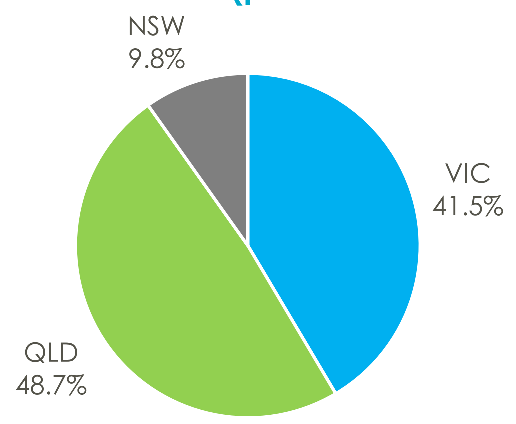
1. Book values
2. As at 31 December 2014 with the addition of acquired portfolio of aged care assets

GHC PORTFOLIO OVERVIEW

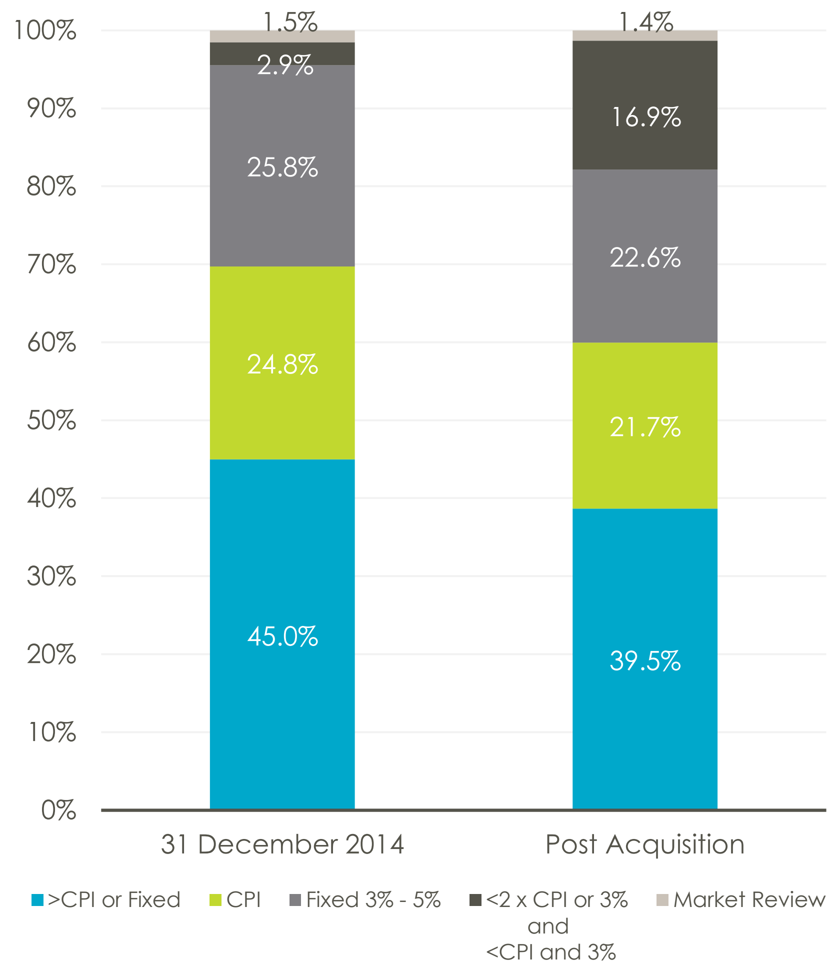
Geographic diversification (as at 31 December 2014)[1]



Geographic diversification (post RSL Care acquisitions)[1,2]



Rent review profile post acquisitions (by income)



1. By asset value
2. As at 31 December 2014 with the addition of acquired portfolio of aged care assets

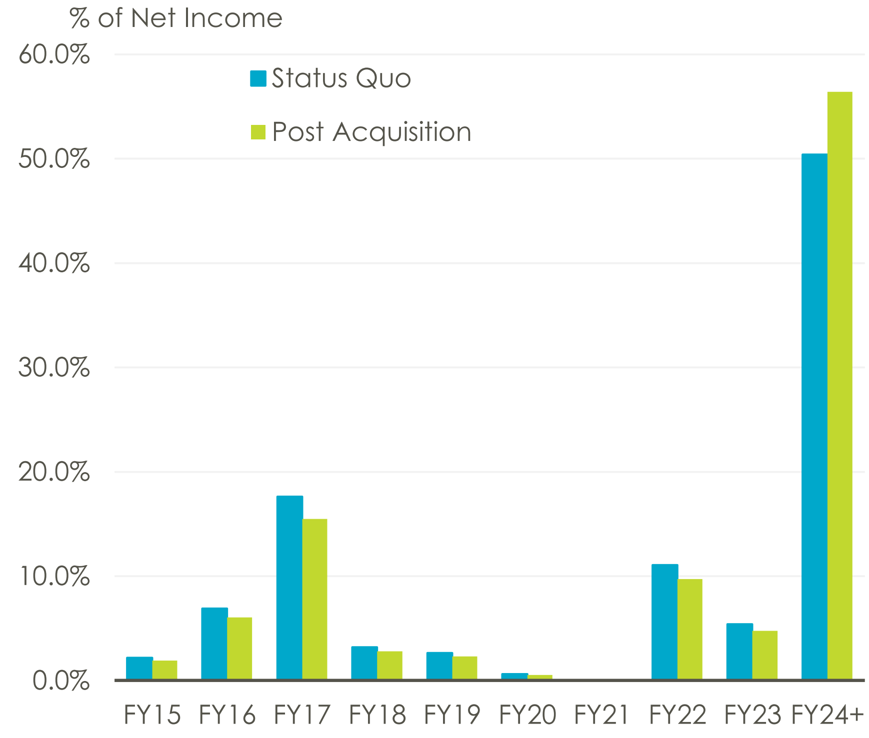
LEASE EXPIRY & TENANCY PROFILE

- Portfolio WALE increases from 11.6 years to 12.6[1] years
- Portfolio occupancy enhanced from 98.6% to 98.7%[1]

GHC top 10 tenants (% income)

	Pre investment		Post acquisitions	
1.	Epworth Foundation	21.7%	Epworth Foundation	19.1%
2.	ARCBS	11.5%	RSL Care	12.1%
3.	Healthscope Limited	9.2%	ARCBS	10.1%
4.	Baulderstone Pty Ltd	7.4%	Healthscope Limited	8.1%
5.	Pulse Health Pty Ltd	7.2%	Baulderstone Pty Ltd	6.5%
6.	Secure Parking	5.4%	Pulse Health Pty Ltd	6.4%
7.	Cura Day Hospitals	3.2%	Secure Parking	4.7%
8.	QUT	3.1%	Cura Day Hospitals	2.9%
9.	Sonic Healthcare	2.9%	QUT	2.7%
10.	Virtus Health	2.6%	Sonic Healthcare	2.6%
TOTAL		**74.3%**		**75.1%**

GHC lease expiry profile (% income)



1. As at 31 December 2014 with the addition of acquired portfolio of aged care assets

PRO FORMA BALANCE SHEET

($m)	Actual 31 Dec 2014	Trading adjustments	Equity raise & acquisitions	Pro forma 31 Dec 2014
Total assets	341.4	(1.7)	47.2	386.9
Total borrowings	(121.4)	(3.5)	-	(124.9)
Total other liabilities	(31.4)	8.9	-	(22.5)
Net assets	188.6	3.7	47.2	239.5
Gearing[1]	33.3%	1.6%	(4.6%)	30.3%
Units on issue (m)	175.0	2.5	34.7	212.2
NTA per unit ($)	1.08	-	0.05	1.13

1. Calculated as net debt divided by total gross assets (on a look through basis)

CONCLUSION

CONCLUSION

- This equity raise provides the opportunity to invest further in the Fund at $1.50 per unit (5% discount to the distribution adjusted five day VWAP) delivering an **attractive income yield**
- The acquisitions represent a **compelling value proposition** for GHC
  - Consistent with GHC's strategy of adding high quality healthcare assets with **attractive risk adjusted returns**
    - $45.8 million of high quality assets added to the portfolio
    - 7.65% purchase yield
  - **Enhances portfolio** characteristics
    - Increases NTA from $1.08 to $1.13 per unit
    - Increases portfolio occupancy from 98.6% to 98.7%
    - Extends portfolio WALE from 11.6 years to 12.6 years
    - Adds further tenant diversity
  - Collaboration Agreement provides **potential growth opportunities** to deliver to RSL Care's strategic growth plans
- The Casey Stage 2 project will create one of Melbourne's leading private co-located hospitals with high quality operator and joint venture partner, St John of God Health Care
- FY15 UNOI[1] per unit guidance at 9.56 cpu and DPU guidance reaffirmed at 8.58 cpu
- FY16 UNOI[1] per unit guidance of 9.90 cpu (an **increase of 3.6%**) and DPU guidance of 8.84 cpu (an **increase of 3.0%**)

1. Underlying Net Operating Income per unit which is a key performance indicator used by the Responsible Entity and the Manager to measure the underlying performance of GHC. Net operating income adjusts statutory net profit attributable to unitholders (i.e. EPU) to exclude the straight lining of rent, unrealised gains and losses on the revaluation of GHC's interest in investment properties and financial instruments, capital transaction costs and performance fees paid to the Manager.

KEY RISKS & OTHER INFORMATION

KEY RISKS

- As with all investments, an investment in GHC's units is subject to various risks, many of which are outside the control of the Responsible Entity and Manager. If they eventuate, these risks may adversely affect the value and returns of an investment in GHC
- The following are some of the current key risks of an investment in GHC. This list of risks is not exhaustive and investors should read the entire presentation, consider their own investment objectives and financial circumstances and seek appropriate legal, financial and taxation advice
- In deciding whether to participate in the equity raising, you should read this presentation in its entirety and carefully consider the risks outlined in this section. You should also read this presentation in conjunction with GHC's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au

Lease default, non-renewal and vacancy	GHC relies on key tenants to generate the majority of its revenue. If a key tenant is affected by financial difficulties it may default on its rental or other contractual obligations which may result in loss of rental income or losses to the value of GHC's assets. This has the potential to adversely impact the operational and financial results of GHC. There is a further risk that GHC will not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on substantially the same terms. Re-leasing the property will depend on numerous market conditions and financial considerations prevalent at that time.
Funding risk	GHC is a geared investment product and relies upon debt funding as an integral part of its capital structure. The extent to which GHC is geared will magnify the effect of changes in property valuations. Changes in interest rates and the availability and cost of finance will affect the operational and financial results of GHC. GHC's ability to refinance its debt facilities and/or interest rate hedges as they fall due will depend upon its financial position and performance and the prevailing market conditions. An inability to refinance the existing debt facilities and/or enter into new debt facilities or interest rate hedges on similar terms and conditions may have an adverse impact the operational and financial results of GHC. In particular, GHC has entered into contractual commitments to build real estate pursuant to its development pipeline but does not yet have specific facilities in place to fund these developments.

KEY RISKS (CONTINUED)

Development risk	GHC currently owns, directly or indirectly interests in a number of property assets, including Casey, Epworth Freemasons Clarendon Street, Waratah Private Hospital and Frankston Private, either under development, committed for development or with development and/or redevelopment potential. Property development carries a number of risks, including: - issues surrounding applications for planning approvals from local authorities which can result in delays or require amendments to plans both of which may result in increased costs - breach of contract by building contractors - unforeseen circumstances which cause project delays or increases to building costs. A number of factors affect the earnings, cashflows and valuations of commercial property developments, including construction costs, scheduled completion dates, ability to procure funding on appropriate terms (see above) and estimated rental income. There is a risk that potential or proposed property developments may not ultimately proceed.
Acquisitions	GHC has undertaken a thorough due diligence in relation to the proposed acquisition of the Baycrest, Darlington and Tantula Rise properties. However, it is possible that the due diligence did not reveal issues that may later have an adverse impact on the benefits of the acquisition forecast to GHC. Other risks associated with the acquisition include delays to completion or an inability to complete if, for instance, conditions precedent to the contract for sale are not met. Completion of the acquisition is subject to customary closing conditions including delivery by the vendor of valid title and no substantial damage, loss or destruction to the property. Such circumstances may result in a reduction in earnings to the extent that funds raised under the equity raising are retained in cash. Settlement of each of the acquisitions is conditional on subdivision of the relevant property from RSL Cares' co-located retirement villages. This is in progress with the issue of separate titles expected between July and September 2015. To enable immediate effective contribution of these properties to the Fund's earnings, an interim secured loan (earning the same rate of return as the proposed 20 year lease) and put and call option arrangement for a maximum 2 year period has been entered into for each property, to be exercised on the issue of separate title for each individual site. If the acquisition of any of the properties does not complete, the loan will be repaid and the proceeds applied to reduce debt and/or fund other acquisition and development opportunities. A key element of GHC's future strategy will involve the acquisition of properties to add to its property portfolio. Whilst it is GHC's policy to conduct a thorough due diligence process in relation to any such acquisitions, risks remain that are inherent in such acquisitions.

KEY RISKS (CONTINUED)

Insurance risk	GHC enters into material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses. The nature and cost of insurance has been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of GHC.
Personnel risk	The ability of GHC to successfully deliver on its business objectives as set out in this Presentation, is in part dependent on the Manager retaining and attracting quality senior management and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new skilled personnel could materially affect GHC's business, operational performance or financial results.
Building condition	GHC may incur capital expenditure for unforeseen structural problems arising from a defect in the acquisition properties (to the extent not covered by insurance) or alterations required as a result of changes to statutory requirements. This may impact the cash available to GHC and may impact on the income received from tenants affected by the conditions.
Investment risk	Returns from an investment in property (and property related interests such as the Waratah Private Hospital secured debt investment) largely depend on rental income generated from property interests, expenses incurred in managing and maintaining those interests, and changes in market value of such interests. The market value of properties and property related investments is in part correlated to rental income, and rental income may be adversely impacted by a number of factors including: - overall market conditions in national and local economies in which GHC operates such as growth or contraction in gross domestic product, demographic changes, employment trends and consumer sentiment; - the financial performance and condition of tenants, - the ability to attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy; - the location and quality of properties; and - operating, maintaining and refurbishment expenses, as well as unforeseen capital expenses External and director valuations represent only the analysis and opinion of such persons at a certain date and they are not guaranteed of present or future values. The value of the assets may impact on the value of an investment in GHC and changes in market valuation of assets may adversely effect GHC's financial position and performance.

KEY RISKS (CONTINUED)

Joint Venture risk	GHC holds a number of its investments, including Epworth Freemasons Clarendon Street, Frankston Private and the debt investment relating to Waratah Private Hospital, jointly with joint venture partners. Although in all cases GHC has significant influence over the decision-making of these joint ventures, certain decisions require approval of the joint venture partners. Therefore, irrespective of GHC's proportional interest in the joint venture, GHC may not be able to unilaterally control all decision-making processes of the joint venture. The joint venture partners in these cases may have economic or business interests or objectives that are different to those of GHC, they may be unable or unwilling to fulfil their obligations under the relevant joint venture arrangements or they may experience financial or other difficulties. The occurrence of any of these risks could disrupt the operations of the joint venture and negatively impact GHC's investment in, and the returns from, the joint venture.
Geographical concentration risk	The value of property held by GHC may be negatively affected by oversupply or overdevelopment in surrounding areas. There is potential for new competition to enter the marketplace or changes in the composition of existing competition at any time. A change in the competitive environment can impact on the performance of the relevant property and therefore the income of GHC.
Forward looking statements	There can be no guarantee that the assumptions and contingencies on which the forward looking statements, opinions and estimates (including guidance on future earnings and distributions) are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of the Manager and Responsible Entity. Actual performance of GHC may materially differ from forecast performance.
Distribution guidance	No assurances can be given in relation to the payment of future distributions. Future determinations as to the payment of distributions by GHC will be at the discretion of the Responsible Entity and will depend upon the availability of profits, the operating results and financial conditions of GHC, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the Responsible Entity. No assurance can be given in relation to the level of tax deferral of future distributions. Tax deferred capacity will depend upon the amount of capital allowances available and other factors.
Economic and market conditions	A number of factors affect the performance of the stockmarket, which could affect the price at which new Units trade on ASX. Among other things, movements on international and domestic stock markets, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes may affect the demand for, and price of, New Units. Trading prices can be volatile and volatility can be caused by general market risks such as those that have been mentioned. New Units may trade at or below the price at which they commence trading on ASX including as a result of any of the factors that have been mentioned, and factors such as those mentioned may also affect the income, expenses and liquidity of GHC. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of GHC.

KEY RISKS (CONTINUED)

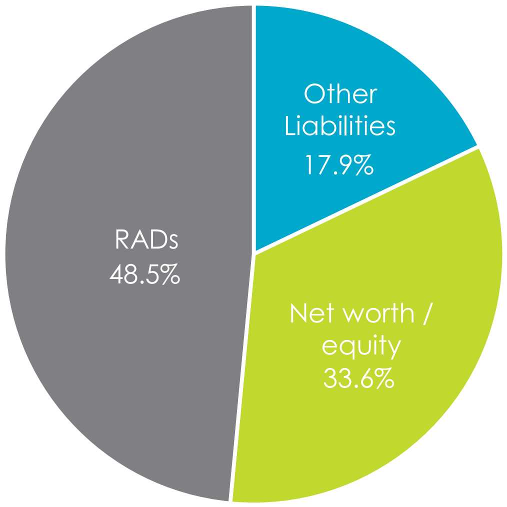
Interest rate risk	Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact GHC's funding costs adversely, resulting in a decrease in distributable income. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact on both earnings and net assets.
Banking covenants	GHC has various covenants in relation to its banking facilities, including interest cover, leverage ratio and weighted average lease expiry requirements. Unforeseen factors such as falls in asset values or the inability of GHC to extend current leases could lead to a breach in debt covenants. In such an event, GHC's lenders may require their loans to be repaid immediately or sell assets at below market value. Furthermore, there is a risk that unforeseen capital expenditure may impact upon the cash available to service debt.
Litigation	GHC may, in the ordinary course of business, be involved in litigation and disputes (for example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and legal claims or third party claims). A material or costly dispute or litigation may adversely affect the operational and financial results of GHC.
Changes in applicable law and regulations	GHC will be subject to the usual business risk that there may be changes in laws, regulations and Government policy which may affect its operations and/or financial performance. Such changes may impact rental income or operational expenditure. In addition, GHC's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds. GHC is also subject to the usual risks around changes in taxation regimes and Accounting Standards. There can be no assurance that such changes will not have a material adverse effect on GHC's business, operational performance or financial results or returns to unitholders.
Realisation of assets	Property assets are by their nature illiquid investments. This may make it difficult to alter the balance of income sources for GHC in the short term in response to changes in economic or other conditions.
Acquisitions and divestment	GHC may make additional investments which may include the acquisition of additional healthcare properties. Future acquisitions may affect forecast distributions, or any tax deferred portions of income returns. The value of the freehold interests in the properties may vary as a consequence of general property market conditions, the property market, or factors specific to an individual property. Decreases in value of investments may result in a decrease in the value at which Units trade on the ASX. GHC may need to sell one or more properties or investments, which may realise a capital loss.
Taxation implications	Future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation status of GHC, the treatment of an investment in GHC units, or the holding and disposal of those units.

APPENDICES

RESIDENTIAL AGED CARE MARKET SNAPSHOT

- $30.9 billion industry size by total assets[1]
- $13 billion annual revenues[1]
- Comprises approximately 185,000 beds[1] expected to increase to 260,000 beds by 2022 to meet required demand[1]
  - 66,172 beds currently subject to Refundable Accommodation Deposits (RADs) / Daily Accommodation Payments (DAPs)[1]
  - More than double the size of the hospital sector which has ~87,000 beds[2]
- Similar to private hospital industry, the residential aged care industry is highly regulated
- $9.2 billion of Government funding paid to aged care providers in FY2013[1]
- Highly fragmented market with 2,720 facilities operated by a range of private, not for profit and government entities[1]

Residential care industry funding source[1]



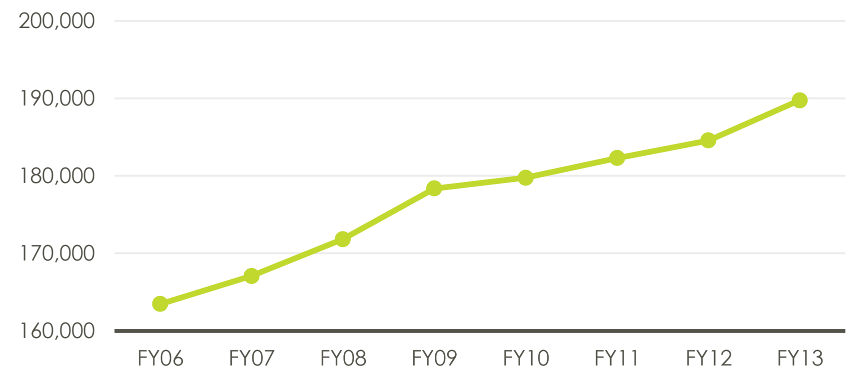
Total assets $30.9 billion[1]

1. Report on the funding and financing of the aged care sector – July 2014, Australian Government, Aged Care Funding Authority;
2. 'Australian Hospital Statistics 2011/12,' Australian Institute of Health & Welfare 2013

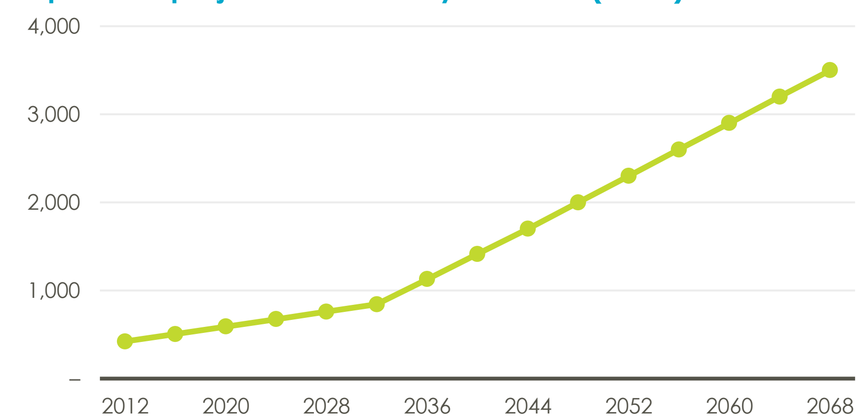
RESIDENTIAL AGED CARE MARKET DYNAMICS

- Demand for aged care is driven by favourable long-term demographic trends
  - The number of Australians aged 85 or over is projected to increase by ~285,000 by 2025
  - Increasing superannuation and residential property assets
  - Limited availability and high cost of acute care hospital beds
  - Increased incidence of chronic / debilitating illness
  - Increasing life expectancy
- Supply of places is limited, creating barriers to entry
  - Government controlled expansion of places
  - Initial licence requirement and high levels of ongoing regulatory compliance
  - Significant initial capital investment requirement
  - Access to specialist skills set required to operate facilities
- Demand / supply dynamics have underpinned sector wide occupancy (low to mid 90% range) for past 15 years

Growth in residential aged care places over time



Population projections for >85 years olds ('000s)[1]



Source: "Population Projection Australian 2012-2101", Australian Bureau of Statistic 2013;

1. Based on residential places as at June 2011 and total population aged 85 and over in 2011

KEY FINANCIAL ASSUMPTIONS[1]

- Balance sheet assumptions based on 31 December 2014 balance sheet, adjusted for:
  - Settlement of 31 December 2014 half year distribution and performance fee accrual
- Operating earnings assumptions comprise GHC's existing forecasts for FY15 and FY16 adjusted for
  - Contracted rental income
  - Current market interest rate forecasts
  - No forecast performance fee expense
  - Settlement on 25 June 2015 of the acquisition properties (Baycrest QLD, Darlington NSW, Tantula Rise QLD)

1. Distribution and earnings guidance assumes that the current financial, operating, legal and regulatory conditions for GHC, as reported to the ASX, including in the half year accounts for the Fund released to the ASX on 16 February 2015, remain as they currently are or as they have been projected to be (particularly, net property income, lease vacancies, capital expenditure, operating expenses, taxes, regulatory costs and finance costs). Changes to the current financial, operating, legal and/or regulatory conditions experienced by GHC could materially impact its forecast distributions and earnings.
   Unitholders should carefully review the Key Risks section on pages 31-36 of this presentation for further risks pertaining to the assumptions.

GHC PORTFOLIO – 31 DECEMBER 2014

	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 m²	9,173 m²	3,916 m²	5,021 m²	6,897 m²
NLA	8,584 m²	13,990 m²	4,528 m²	4,413 m²	20,250 m²
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. Settlement of the $10.7 million purchase price (plus costs) is contracted to occur outside of the FY16 forecast, however this may occur earlier dependent on timing of works and agreement with Freemasons Victoria

GHC PORTFOLIO – 31 DECEMBER 2014 (CONTINUED)

	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 m²	2,034 m²	5,305 m²	5,771 m²
NLA	7,955 m²	2,378 m²	2,702 m²	8,296 m²
Occupancy	96.2%	74.7%	100%	98.6% (88% leased,12% subject to 3yr rent guarantee to July 2017)
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%

GHC PORTFOLIO – 31 DECEMBER 2014 (CONTINUED)

	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	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	$5.1 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 m²	Circa 7,500 m² for stages 2 & 3	2,775 m²	2,021 m²	2,696 m²
NLA	Stage 1 - 3,500 m²	NA	885 m²	600 m²	13,497 m²
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

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