

Healthcare Property Trust – Wholesale Units

Fund Update
31 March 2025



Surgical Treatment and Rehabilitation Service (STARS), Herston, QLD, Herston Quarters, QLD

Fund facts as at 31 March 2025

December Quarter Distribution	Unit Price	Gross Asset Value	Gearing Ratio
2.250 cents per unit (CPU) (2.250 CPU December 2024 quarter)	\$2.28 exit price (cum distribution)	\$3,408.33 m (\$3,525.98 m at 31 December 2024)	40.82% (39.85% at 31 December 2024)
Portfolio Occupancy	Weighted Average Lease Expiry (WALE)	Number of Tenants	Withdrawal Facility Status
94.79% leased by income	15.1 years by base rental income	202	Oversubscribed

Performance as at 31 March 2025

	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Since inception % p.a.
Distribution return	0.97	3.72	3.70	4.30	4.56	5.28	7.39
Growth return	(1.93)	(7.57)	(5.40)	4.54	4.10	5.33	3.59
Total return	(0.96)	(3.84)	(1.70)	8.84	8.67	10.62	10.97

Inception date for performance calculations is 28 February 2002.

Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

Contribution summary as at 31 March 2025

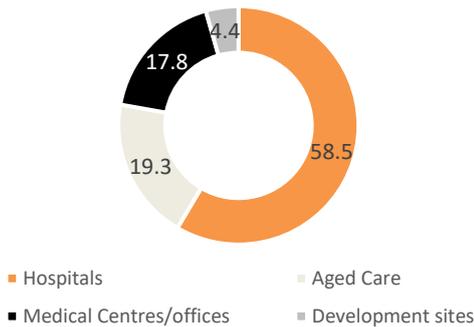
The relative contribution of major variables on growth returns over the last quarter and year.

Contributor	3 mths %	1 yr %
Property revaluations	(1.61)	(5.99)
Interest Rate Swaps (realised and unrealised marked to market movements)	(0.23)	(0.50)
Unrealised gains/(losses) on investments in listed/unlisted trusts	0.00	0.00
Other	(0.09)	(1.08)
Growth return	(1.93)	(7.57)

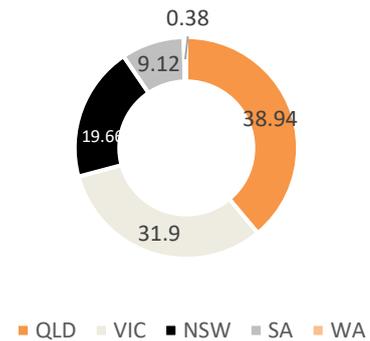
Return calculations are based on actual distributions reinvested, which may vary slightly to the performance table illustrated above. Past performance is not a reliable indicator of future performance. Property revaluations are calculated in accordance with accounting standards and includes capital expenditure, lease incentives and/or commissions (both of which are amortised), this represents the increase/decrease from the property book value immediately prior to valuation. 'Other' may include: retained earnings during the period, swap break costs, estimated gains distributed, realised gains/losses on property, distributions from prior period retained earnings, realised gains/losses from unlisted property trusts and non-material movements.

Key portfolio statistics as at 31 March 2025

Sector Allocation



Geographic Allocation



Financials

	\$m
Gross assets	3,408.33
Total debt	1,398.50
Other liabilities [*]	58.95
Net assets	1,950.88

^{*} Other liabilities include a provision for the distribution.

Debt

Gearing (Bank definition)	40.82%
Interest Cover Ratio (ICR) (Bank definition)	2.25 times
Hedging (% of debt hedged)	70.25%

Valuations

Valuations during the quarter	45
Change in total direct property book value	3.23%
Change in book value of the properties revalued	(2.42%)

^{*} Change in book value over the quarter includes revaluation impacts along with capital expenditure and other minor variations but excludes acquisitions and disposals

Top 10 assets

Asset	Current Valuation (\$m)	Valuation Date	Cap Rate *(%)	Occupancy (%)	WALE* years
STARS, Herston, QLD	567.0	Nov-24	4.50	99.84	15.33
Peninsula Private Hospital, Langwarrin, VIC	310.0	Aug-24	4.63	100.00	25.38
Mulgrave Private Hospital, Mulgrave, VIC	200.0	May-24	4.50	100.00	22.72
Beleura Private Hospital, Mornington, VIC	166.0	Aug-24	4.75	100.00	20.89
Sunshine Private Hospital, VIC ⁴	129.5	Jun-24	6.00	27.51	2.08
RPAH Medical Centre, Newtown, NSW	117.0	Feb-25	6.55	99.09	2.31
Wyvern, 4A Larool Road, Terrey Hills, NSW	108.0	Aug-24	5.25	100.00	29.40
15 Butterfield St, Herston, QLD	105.0	Feb-25	6.50	100.00	2.45
Brisbane Waters Private Hospital, Woy Woy, NSW	74.2	Feb-25	5.25	100.00	17.82
8 Herbert Street, St Leonards, NSW	61.0	Aug-24	6.75	94.30	3.81

^{*} Excludes assets under development.

Top 5 tenants (by income)

Tenant	%
Ramsay Healthcare	14.91
MNHHS	14.24
Bolton Clarke	11.57
Infinite Care	10.71
Healthe Care	8.63
Total	60.06

Property data

Book Value	3,314.34
Current valuation	3,295.42
Total number of Tenants	202
Occupancy rate (by income)	94.79
Number of properties	91
WALE (by income)*	15.1
Capitalisation rate	5.41

[#] Excludes assets under development.

Market Commentary

Global politics has continued to dominate the first quarter of CY2025, with the Trump administrations' recent 'Liberation Day' tariffs triggering significant volatility across equity and capital markets, to levels not seen since the COVID-19 pandemic. The Trump administration has since announced a 90 day pause to reciprocal tariffs for all trading partners except China, which has been favourably received by markets, however considerable uncertainty remains over what future policy actions of the US government will take. As a result, recession fears in the US continue to persist with some market participants currently forecasting that US Fed could deliver 75bps of rate cuts this calendar year, starting as early as May 2025. This is up from expectations earlier in the calendar year where market participants were forecasting only one Fed Funds cut in CY2025.

Domestically, CY2025 started positively with inflation continuing to trend downwards. Headline CPI reduced to 2.4% in the December quarter, down from 2.8% in the September quarter, providing support to the RBA at their February 2025 meeting to undertake their first interest rate cut since November 2020. GDP across the December 2024 quarter also showed positive growth, increasing by 0.6% and 1.3% for the year. The Australian economy continues to be heavily supported by the public sector with Government spending and investment comprising 26.4% of GDP in the December quarter.

Looking forward, attention in the short term will be focused on the outcome of the federal election which will be held in May 2025. Noting the divergent policies around fiscal spending and cost of living measures, the outcome will likely represent a major influence in the RBA's thought process regarding further rate cuts in 2025. In their April 2025 meeting, the RBA held the cash rate at 4.1% highlighting the continued tightness of the labour market, wage pressures and potential inflationary impacts of newly implemented tariffs. Given recent market volatility, many economic commentators have updated their forecasts, suggesting the RBA could cut rates by as much as 50bps as early as May 2025, with a possible three further cuts over the remainder of 2025. Should such cuts materialise, then this could prove positive for equities and capital markets, encouraging growth and reducing debt costs.

In the 2025 Federal budget, the government has committed to spend an extra \$8.4 billion over 5 years to improve the health system. The federal government has pledged 'the single largest investment in Medicare since its creation over 40 years ago, with \$7.9 billion over four years to expand bulk billing to deliver an additional 18 million bulk billed GP visits each year. The intent is to have 9 out of 10 GP visits bulk billed by 2030. This proposed scheme is expected to improve the viability and the profitability of the GP practices. This is also expected to have a positive impact on the specialist visits and hospital admissions. Given the staff shortages in the Healthcare sector, the budget also includes a \$662.7 million investment for 400 more post-graduate scholarships for nurses and midwives to extend their skills along with 2000 more government funded training GP places per year by 2028.

While the cautious optimism that greeted Australian commercial property markets at the start of 2025 is likely to have been tempered somewhat by recent macro-economic events, the potential implications for the direct real estate sector following the US's trade tariff

adjustments, remains to be seen. Uncertainty is likely to continue in the short term which could impact leasing and transactional decision timings, however prior tailwinds remain in place for several real estate sub-sectors including continued national population growth and muted new construction supply. Transactional activity over the first quarter of 2025 was strong with MSCI reporting the rolling 12-month volume of deals across all commercial real estate sectors to 31 March 2025 was up 62 per cent to \$48.1 billion. This acceleration in activity has been supported by liquidity for larger value assets which pleasingly has seen several Sydney office assets transact, providing welcome value support to this sector of the market.

The potential inflationary impacts of US tariff changes and how market participants react to the current financial market uncertainty remains to be seen, however current market commentary and implied market pricing suggests that an acceleration in the interest rate cutting cycle is likely to materialise to support economic growth. Declining debt costs could thus provide a welcome fillip for transactional activity within the real estate sector, particularly given the Australian Government 10-year Bond rate is effectively in line with where it started the March 2025 quarter, despite the recent market volatility. Further, the relative economic stability of Australia combined with a weakening Australian dollar will continue to provide support for international investor interest in the Australian commercial property market, a stakeholder group who MSCI reports accounted for 35% of commercial property transactions in Australia across the first 3 months of 2025.

Portfolio Activity

Management continues to execute on the fund strategy, with key highlights for the March 2025 quarter are:

- Debt tenure extended from 2.5 years to 3.1 years and hedging increased from 62.87% to 70.25%;
- Divestment of non-core assets to facilitate capital recycling, with \$73.9 million of completed settlements and \$222.8 million of assets contracted for sale/due diligence;
- Continued to manage the greenfield and brownfield developments at Knoxfield and Beleura Private Hospital;
- Advanced discussions with existing tenants on brownfield opportunities that de-risks the portfolio and improves the portfolio's occupancy, expiry profile and valuation.

Management is in ongoing discussion with potential tenants in relation to the Sunshine Private Hospital vacancy, separately for the mental health and surgical services.

The Trust's Weighted Average Lease Expiry (WALE) increased marginally from 15.10 years (at 31 December 2024) to 15.13 years (at 31 March 2025), with occupancy marginally reducing from 95.0% (at 31 December 2024) to 94.79% as at 31 March 2025^a.

The Trust's rental income is underpinned by high quality tenant covenants and the top 10 tenants are ASX-listed, Government, national and multi-national operators. Given the ongoing media attention on the position of the Healthscope hospital portfolio, we would like to reassure investors that the Trust has no exposure to Healthscope.

^aThe implied portfolio Weighted Average Lease Expiry and Occupancy excluding the current vacancy at Sunshine Private Hospital would be 15.7 years and 96.9% occupancy at 31 March 2025.

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Property Valuations

During the March 2025 quarter, the Trust revalued 45 properties resulting in a net reduction of \$31.9 million (2.42%) compared to the prior quarter's portfolio book value. The primary driver for the reduction in valuation is due to the softening cap rates which are evident by recent market transactions offset by increase in rental income for the portfolio. It is worth noting the recent market transactions in healthcare are primarily in non-core or value add properties and there were limited transactional activity in core healthcare properties. It is also worth noting the Trust's properties are underpinned by assets with long-term leases, high quality tenant covenants with greenfield/brownfield opportunities that the Trust could unlock value for investors. The key properties are summarized below:

- **RPAH Medical Centre, NSW** – The updated valuation remained unchanged at \$117.0 million and reflects a softening of the capitalisation rate, offset by increase in rental income since the last valuation.
- **15 Butterfield St, Herston QLD** – The updated valuation remained unchanged at \$105.0 million and reflects a softening of the capitalisation rate, offset by increase in rental income.
- **Brisbane Waters Private Hospital, NSW** – The reduction in value to \$74.2 million compared with the previous valuation of \$78.1 million was primarily a result of the softening in capitalisation rate.
- **Brunswick Private Hospital, VIC** – The reduction in value to \$49.5 million compared to the previous valuation of \$52.75 million was primarily a result of the softening in capitalisation rate.
- **53-59 Austral Terrace, Morphettville, SA** – The increase in value from \$40.0 million to the current value of \$40.2 million was primarily attributable to the increase in rental income.

The Weighted Average Capitalisation Rate remained relatively stable at 5.41% as at 31 March 2025.

Capital Management

Management is in the advanced stage of refinancing the \$325 million of bank debt that expires in late 2025. The refinancing further diversifies the lender pool with 2 additional lenders included, taking the total lenders to 9. The all-in margin pricing secured for the debt facility is in line with the fund forecast and is a testament to the quality of the portfolio. Additional hedging equating to \$100 million (notional value) was entered into by the Trust as part of the financial risk management strategy.

As at 31 March 2025, 70.25% of the Trusts net debt was hedged and we continue to monitor and prudently action hedging initiatives.

Australian Unity's investment

Australian Unity and its subsidiaries (corporate entities only) currently owns 7.1%^ (\$137.8 million) of the Trust, which solidifies its alignment with other investors in the Trust. Australian Unity is pleased to co-invest with investors to execute on the long-term strategy of the Trust.

[^] Calculated based on % of NAV as at 31 March 2025.

Withdrawal Facility

As noted in the recent announcement dated 15 April 2025, the Trust will be making the following changes to the Withdrawal Facilities. Since 1 January 2023, HPT has funded \$606 million of withdrawal requests from all unitholders. This change has been made in the best interests of all unitholders and will allow us to continue to provide liquidity while supporting the Trust to generate long-term value for all investors.

Class A Unit Holders:

- Effective 15 April 2025, AUFM reasonably expects that the withdrawal requests for Class A units are likely to exceed the amount of Class A Units' cash reserves held for Class A. Each month, we will carry out an assessment of the status of the Class A Cash Account to determine whether there are sufficient funds to satisfy the withdrawal requests. If there are sufficient funds to satisfy withdrawal requests monthly, this will occur.
- If there are insufficient funds to satisfy withdrawal requests on a monthly basis, the withdrawal requests will be paid on a quarterly basis.

The quarterly redemption withdrawal requests are met on 28 February, 28 May, 28 August and 28 November each year.

All Unit Holders:

To support the long-term stability of the Trust and to preserve capital, the amount available through the quarterly withdrawal facility will reduce to 1.25% of the net asset value of the relevant class of units on issue

These changes are being introduced to support the Trust's continued stability to generate long-term value for all investors while maintaining our commitment to providing liquidity to unitholders.

Capital Transactions

Divestments

In the March 2025 quarter, the Trust successfully completed four divestments, totaling \$73.9 million (excluding selling costs), demonstrating continued progress towards reducing the Trust's gearing:

- **310 Selby Street, Osborne Park, WA** - On 17 January 2025, the Trust completed the sale of 310 Selby Street for \$47.0 million.
- **Constitution Hill Aged Care Facility, NSW** - On 21 January 2025, the Trust completed the sale of Constitution Hill Aged Care Facility for \$23.25 million.
- **7 Queensbury Avenue, Padstow Heights, NSW** - On 24 January 2025, the Trust completed the sale of 7 Queensbury Avenue for \$2.55 million.
- **9 Queensbury Avenue, Padstow Heights, NSW** - On 30 January 2025, the Trust completed the sale of 9 Queensbury Avenue for \$1.16 million.

Proceeds from these asset sales were utilised for ongoing liquidity requirements, supporting balance sheet strength. As at the end of the March 2025 quarter, the Trust had exchanged contracts on additional assets totalling \$2.8 million, with a further \$220.0 million of assets in due diligence.

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Developments

During the quarter, the Trust advanced development activities on two projects:

- **Infinite Care Aged Care Facility, Knoxfield, VIC** – Construction is progressing well ahead of schedule, with base building structure, services, and external works completed, and internal fit-out advancing steadily. On completion, the 177-bed aged care facility will be leased to Infinite Care for 25 years.
- **Beleura Private Hospital, Mornington, VIC** – The \$24.0 million brownfield expansion remains on track for practical completion by December 2025. The project involves upgrading the existing theatre complex, including reconfigured recovery areas and an enhanced Central Sterile Services Department (CSSD). Theatre works are scheduled for completion by August, with the remainder of the project progressing as planned.

Notes

1. Valuation Policy - Regular valuation of underlying property assets is an important aspect of managing the Fund. Valuations are conducted by qualified independent valuers in accordance with industry standards. We also have a policy of generally obtaining independent valuations on Fund direct properties each year and, for assets under development, within an 18-month period. Additionally, as part of our active management approach, we may test asset values on market. At times we may enter arrangements at arm's length with third parties which may impact the value of assets within the portfolio including, but not limited to, put and call options in respect of all Healthcare Property Trust - Wholesale Units Page 9 or part of an asset within the portfolio. If the value of an asset is impacted in this way, the value may replace the last independent valuation obtained.
2. Weighted Average Lease Expiry (WALE) by base rental income. Vacancies are valued at market income. Assets under development excluded.
3. A market capitalisation rate is the rate, expressed as a percentage, that reflects the likely yield a property will generate over the medium term. It has regard to a property's unique characteristics and is a measure of the property's risk/return profile with higher rates reflecting higher risk and its function is to convert a property's income into value. The market capitalisation rate is assessed by the independent valuer by dividing the stabilised net property income of the property or a portfolio of properties by the assessed valuation of the property or portfolio, excluding costs of acquisitions and fees.
4. Occupancy and WALE previously excluded vacant space formally allocated to Unitas Healthcare Pty Ltd. If included in 31 December 2024 calculation, the WALE would have been ~2.12.

Important Information

Units in the Australian Unity Healthcare Property Trust - Wholesale Units (Fund) are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. Information provided here is general information only and current at the time of publication. It does not take into account your objectives, financial situation or needs. Accordingly, you should consider the appropriateness of such information having regard to your objectives, financial situation and needs. In deciding whether to acquire, hold or dispose of Fund units you should obtain a copy of the Product Disclosure Statement (PDS) and seek appropriate professional financial and taxation advice before making any such decision. The PDS and Target Market Determination for the Fund is available at [Make your wealth go further | Australian Unity Wealth](#) or by calling our Investor Services team on 1300 997 774. Past performance is not a reliable indicator of future performance. This information is intended for recipients in Australia only. Investment decisions should not be made upon the basis of its past performance or distribution rate, or any ratings given by a ratings agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the ratings agency itself. The information in the document is current at the time of publication only.

Outlook

Capital management strategies focused on reducing gearing, enhancing income returns, and maintaining investor liquidity remain the focus of the Trust's investment strategy and decision-making processes.

The Trust anticipates progressing further asset divestments, utilising proceeds to reduce its debt facility, in order to lower gearing and maintain liquidity for investors. Divestment of non-income-producing assets remains a priority however, interest in development land remains subdued given high construction costs and challenging feasibilities.

While we anticipate near-term stabilisation of valuations, the recovery of property markets remains contingent upon both global and domestic markets, which, post the recent tariff announcement from the Trump administration, are experiencing significant volatility. Nevertheless, tailwinds for healthcare and the aged care sectors remain strong, underpinned by an ageing population, and increased chronic illness in the community.

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