



HEATHLEY DIRECT MEDICAL FUND

No.1

THEMATIC INVESTMENT IN MEDICAL PROPERTIES

- Exposure to the strong fundamentals of the medical sector
- Quality medical tenants on long term leases
- Forecast distribution of 7.00 to 7.50 cents per unit for the year ending 30 June 2018

Heathley Direct Medical Fund No.1 (Fund) continues to acquire a portfolio of medical-related direct property. Over its Investment Period (expiring June 2017), the Fund aims to acquire a portfolio up to a value of \$150 million. Following the Investment Period, the Fund will hold the portfolio during the Portfolio Management Period where income and capital growth strategies will be applied.

Providing scale of investment within a tightly held sector diminishes risk through diversification of tenants, properties and services, whilst enhancing potential exit strategies.

The Fund will aim to provide investors with a consistent and reliable income stream derived from long-term leases to quality medical tenants, and the opportunity for capital growth through active management.

INVESTMENT RATIONALE

THEMATIC INVESTMENT IN MEDICAL PROPERTIES

Heathley have identified the medical property sector as a sound investment for the following key reasons –

- Growing level of tenant demand based on key demographics (ageing population and population growth)
- Fragmented ownership which should benefit from increased concentration and professional management
- Potential to form partnerships with medical operators and developers to provide a pipeline of investment opportunities.

Returns are driven by non-discretionary demand and therefore provide resilient and less cyclical returns.

FORECAST RETURNS

Forecast distribution of 7.00 to 7.50 cents per unit for the year ending 30 June 2018. Distributions are paid quarterly in arrears.

INVESTMENT CRITERIA

The Fund's investment criteria will be as follows –

Property type: Medical centres, specialist centres and small private hospitals

Location: All properties will be located in strategic locations that have demographics supportive of demand for healthcare

Tenants: Various medical operators such as GP clinics, specialist suites or larger healthcare operators

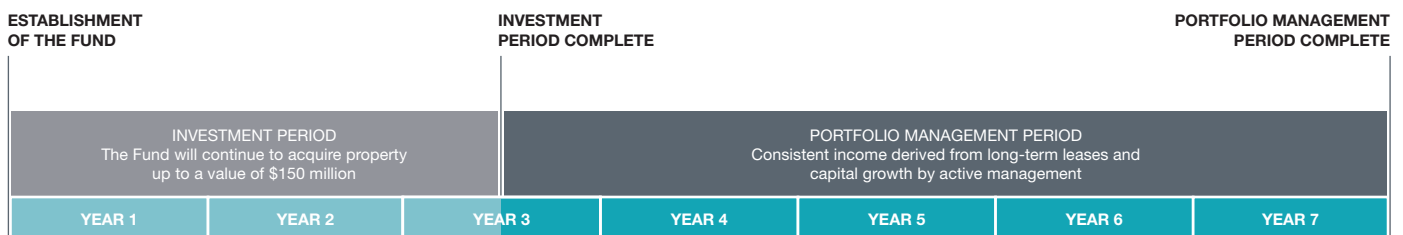
Fund WALE: Property with long-dated leases will be targeted to provide certainty of income for the term of the Fund and an attractive lease tail on sale.

FUND STRUCTURE

The Fund will aim to acquire \$150 million of gross assets within the Investment Period and will continue to raise equity for the duration of the Investment Period to fund new property acquisitions.

Following the completion of the Investment Period, the Fund will have a Portfolio Management Period of up to four and a half years. On expiry of the Portfolio Management Period if the properties have not been sold and the Fund wound up, the Investors will vote to liquidate or retain the Fund.

A TWO AND A HALF YEAR INVESTMENT PERIOD FOLLOWED BY A FOUR AND A HALF YEAR PORTFOLIO MANAGEMENT PERIOD



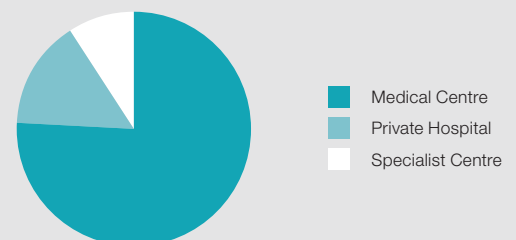
PORTFOLIO METRICS

Number of Properties	15
Portfolio Value	\$125.3m
Number of Tenants	55
WALE by Income	5.9 years
Portfolio Occupancy	97%

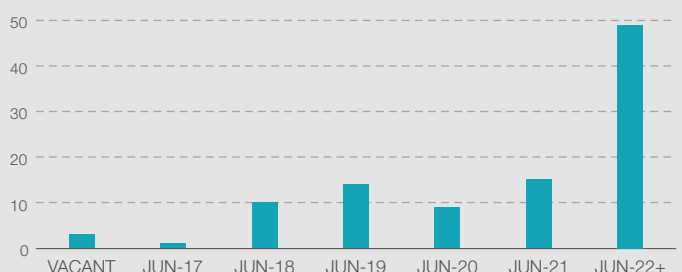
TOP 10 TENANTS BY INCOME

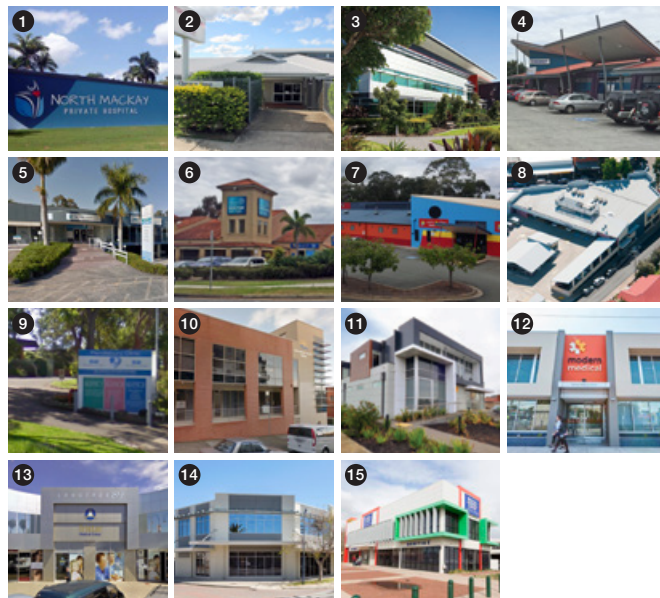
1	Sonic Healthcare	17%
2	Pulse Health	13%
3	Modern Medical	10%
4	Australian Government Dept of Human Services	6%
5	Primary Healthcare	6%
6	Nexus Day Hospitals	5%
7	St Vincents Hospital	3%
8	Tristar Medical	3%
9	Care Medical Group	3%
10	Healthscope Medical Centres	3%

DIVERSIFICATION BY MEDICAL USE



LEASE EXPIRY PROFILE (BY INCOME %)





PORTFOLIO PROPERTIES

NO.	PROPERTY	USE	OCCUPANCY	MAJOR TENANT	WALE BY INCOME (AS AT 31 JAN 2017)	VALUATION
1	North Mackay Private Hospital 57 Norris Road, Mount Pleasant, QLD	Private Hospital	100%	Pulse Health	8.0 years	\$11.3m
2	Gympie Private Hospital 74-86 Channon StREET, Gympie, QLD	Private Hospital	100%	Pulse Health	11.2 years	\$6.9m
3	Chermshire Medical Centre, Lots 2,3,4, 5 & 6, 956 Gympie Road, Chermshire, QLD	GP clinic and ancillary medical	100%	Healthscope	3.4 years	\$13.6m
4	Logan Central Medical Centre 295 Kingston Road, Logan Central, QLD	GP anchored Medical Centre and ancillary medical services	100%	IPN (Subsidiary of Sonic Health Care Ltd)	2.0 years	\$9.6m
5	Highlands Health Centre 95 Alexander Drive, Highland Park, QLD	GP anchored Medical Centre	100%	IPN (Subsidiary of Sonic Health Care Ltd)	3.3 years	\$7.7m
6	Parkwood Family Practice 306 Olsen Avenue, Parkwood, QLD	GP anchored Medical Centre	100%	IPN (Subsidiary of Sonic Health Care Ltd)	3.3 years	\$6.6m
7	Forest Lake Medical Centre 7 High Street, Forest Lake QLD	GP anchored Medical Centre	100%	IPN (Subsidiary of Sonic Health Care Ltd)	6.3 years	\$10.2m
8	Nundah Medical and Retail Centre 1220 Sandgate Road, Nundah QLD	GP anchored Medical Centre and ancillary health and retail	100%	Nundah Doctors Surgery	1.8 years	\$6.6m
9	52 Pendlebury Road, Cardiff, NSW	Specialist Centre	38%	Health Care	1.5 years	\$4.3m
10	1 Derby Street, Kogarah, NSW ¹	Day Surgery	100%	National Day Surgeries Sydney Pty Ltd	9.6 years	\$7.3m
11	547 Melton Highway, Sydenham, VIC	Specialist clinic and ancillary medical	100%	St Vincent's Hospital (Melbourne) Ltd	1.2 years	\$4.4m
12	Spotswood Medical Centre 196 Hall Street, Spotswood VIC	GP anchored Medical Centre	100%	Modern Medical	7.2 years	\$9.02m
13	87-89 Langtree Avenue, Mildura, VIC	GP clinic and ancillary medical	100%	TriStar Medical	3.3 years	\$4.2m
14	2 Clarkhill Road, Secret Harbour, WA	GP anchored Medical Centre	100%	Care Medical Group	7.9 years	\$7.7m
15	Rockingham Medical and Dental Centre 18 Civic Boulevard, Rockingham WA ²	Large Medical Centre with attached retail and office	100%	Primary Healthcare Ltd	4.3 years	\$16.0m

¹ The Fund owns a 65.42% stake in the property with the remaining stake owned by specialist doctors who operate from the property.

² Under contract. The properties under offer will only be acquired on successful completion of due diligence.

HEATHLEY CONTINUES TO LEVERAGE ITS 40-YEAR TRACK RECORD OF MANAGING RISK-AVERSE PROPERTY INVESTMENT AND ITS DEPTH OF KNOWLEDGE, RELATIONSHIPS AND SKILL SET IN THE MEDICAL PROPERTY SECTOR TO DRIVE PERFORMANCE.

KEY DATES

Offer Open Date	November 2014
Offer Close Date	June 2017

CONTACT DETAILS

For further information or if you have any questions related to the offer, please contact:

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or visit our website www.heathley.com.au

ABOUT HEATHLEY

Heathley was established in 1977 to provide specialised managed investment services to a niche market of high income earners and high net worth individuals.

Since 1990 Heathley has specialised in unlisted property syndication, having established 39 property funds, the majority of which have now been wound up. As at 31 December 2016, Heathley was managing ten property funds with total funds under management of over \$450 million.

The Directors and senior management of Heathley have extensive experience in funds management, property, private equity and banking. This includes the assessment of passive and development property investment opportunities, and the establishment of investment funds and property finance.

For further information on the group, please visit www.heathley.com.au

IMPORTANT NOTICES

This Fund Summary is issued by Heathley Asset Management Limited ABN 40 003 976 672, AFSL 246368 (Heathley), the responsible entity of the Heathley Direct Medical Fund No.1 ARSN 602 267 514 (Fund) and the issuer of units in the Fund.

The information contained in this Fund Summary is of a general nature only. It has been prepared without taking into account your particular investment objectives, personal circumstances, financial situation or needs. When making decisions in relation to your own personal circumstances and objectives, you may wish to seek independent financial advice. This Fund Summary is also not intended to be, and should not be construed in any way as, investment, legal or financial advice.

This Fund Summary is not an exhaustive summary of the terms of the offer. Heathley may update the terms of the Fund from those in this Fund Summary. A product disclosure statement (PDS) for the Fund is available from Heathley on

the contact details set out above. You should consider the PDS, including the Risks section, before making any investment decision in relation to the Fund.

Heathley does not guarantee any income or capital return from the Fund. There can be no assurance that the Fund will achieve results that are consistent with investment performance of previous investments or that the investment objectives for the Fund will be achieved.

The forecast distribution return is based on the properties set out in this Fund Summary. As other properties are to be acquired over the Investment Period, the actual return may vary. The forecast is calculated after fees and before tax. The forecast is based on various assumptions and the ability to achieve the forecast is subject to various risk factors. Investors should consider the assumptions and risks set out in the PDS.

If units in the Fund are acquired, Heathley and its associates may receive fees and other benefits, which are fully set out in the PDS.