

1 June 2017

Dear Generation unitholder

The Generation Healthcare RE recommends that you ACCEPT the NorthWest Australia Offer for your Generation units without delay

As you would be aware, Generation Healthcare REIT (**Generation**) is currently the subject of an all-cash, unconditional takeover offer of \$2.30 cash¹ per Generation unit from NorthWest Australia² (**Offer**).

The directors of APN Funds Management Limited (**APNFM Directors**) continue to unanimously recommend that you **ACCEPT the Offer**; the reasons for this recommendation are set out in the Target's Statement in respect of the Offer. In particular, the APNFM Directors recommend that you accept the Offer without delay because:

- the **Offer Price is final** and will not be increased subject only to no competing proposal for Generation being publicly announced. There is no other competing proposal for Generation units as at the date of this letter, and the APNFM Directors are not aware of any other party intending to make an offer in the future, nor do they expect any such offer to emerge;
- the **Offer closes at 7.00pm (Sydney time) on 8 June 2017**, unless extended or withdrawn (and there is no guarantee of any extension being made);
- the Independent Expert³ has concluded that, in its opinion, in the absence of a superior offer, the **Offer by NorthWest Australia is fair and reasonable**, and as noted above, the APNFM Directors do not expect any such offer to emerge;
- NorthWest Australia's relevant interest in Generation units as notified to the ASX on 31 May 2017 was 59.47%. Accordingly, NorthWest Australia now has a majority interest in Generation and is in a position to seek to implement, subject to the Corporations Act, a number of its intentions as outlined in its Replacement Bidder's Statement, including to replace the responsible entity of Generation with a responsible entity nominated by NorthWest Australia. Once NorthWest Australia has appointed its nominated responsible entity, NorthWest Australia will also be in a position to give effect to its other intentions as disclosed in its Replacement Bidder's Statement, which include:
 - conducting a review of Generation's capital structure and distribution policies; and

¹ Less the amount or value of any rights attaching to the Generation units (including any distributions) which arise or are paid on or after 24 April 2017 which NorthWest Australia does not receive.

² NorthWest Australia AssetCo Pty Ltd as trustee for NWH Australia Asset Trust, a controlled entity of NorthWest Healthcare Properties Real Estate Investment Trust (TSX:NWH).

³ EY Transaction Advisory Services Limited.

- implementing a general operational and strategic review of Generation;
- as the number of Generation units held by parties unrelated to NorthWest Australia fall, there is a risk that Generation unitholders who do not accept the Offer will experience reduced unit trading liquidity and may be exposed to minority unitholder risks; and
- as set out in the Target's Statement dated 22 May 2017, there are a number of risks relating to the requirement for third party consents in connection with a change of control of Generation, as well as a change of responsible entity.

If you have not already done so, you are encouraged to **accept the NorthWest Australia Offer without delay**. Under the terms of the Offer, the **Offer consideration will be paid to you within five business days** of NorthWest Australia receiving your validly completed acceptance form and all other relevant documents.

If NorthWest Australia attains a relevant interest in 90% or more Generation units, it will be entitled to compulsorily acquire all outstanding Generation units and, as disclosed in its Replacement Bidder's Statement, intends to proceed with compulsory acquisition. If you do not accept the Offer and this threshold is reached, you will be compelled to sell your Generation units to NorthWest Australia if compulsory acquisition proceeds and you will experience a delay in receipt of the Offer consideration compared to Generation unitholders who accept the Offer.

If you have any questions in relation to the Offer, please contact the Generation Unitholder Information Line on 1300 340 644 (within Australia) or +61 1300 340 644 (outside Australia) between 8.00am and 5.30pm (Sydney time).

Yours sincerely



Geoff Brunsdon
Independent Non-Executive Chairman
APN Funds Management Limited (as responsible entity of Generation)