

# GENERATION **HEALTHCARE** REIT

## Notice of Annual Unitholder Meeting



**Venue:** Sheraton Melbourne Hotel  
Monash Room  
27 Little Collins Street  
Melbourne, Victoria

**Date:** Thursday, 23 October 2014

**Time:** 10.00am

### Annual Report

The 2014 Annual Report is now available to download from our website at [generationreit.com.au](http://generationreit.com.au)



GENERATION  
**HEALTHCARE** REIT



26 September 2014

Dear Investor,

I am pleased to invite you to attend the Annual Unitholder Meeting ("Meeting") of Generation Healthcare REIT ("Fund") to be held on Thursday, 23 October 2014, at 10.00am, at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne Victoria.

At the Meeting, we will present on the results and activities of the Fund for the 2014 financial year, provide an update on the Fund's recent activities and performance and provide an update on the performance fee review and the proposed changes to the performance fee. The Responsible Entity considers that the proposed changes are in the best interests of Unitholders and will not require an amendment to the constitution of the Fund (**Constitution**). Accordingly, we will present on the details of the changes which we will implement in the payment of the performance fee going forward.

In the formal business of the Meeting there will be five resolutions for your consideration.

**Resolutions 1 to 3** relate to approving the issue of units in the Fund pursuant to the placements which occurred on 19 November 2013, 3 June 2014 and 23 June 2014 respectively (each a '**Placement**' and together, the '**Placements**'), in order to refresh the Fund's capacity to issue 15% of issued capital without Unitholder approval in the following 12 month period.

**Resolution 4** relates to the Fund seeking Unitholder approval for the capacity to issue an additional 10% of issued capital in the 12 month period following the date of the Meeting. This provides flexibility for the Responsible Entity to issue further units in this 12 month period if opportunities or circumstances arise.

**Resolution 5** relates to proposed amendments to the Constitution to facilitate electronic transfers to Unitholders as the preferred payment method of the Fund.

Further details relating to the resolutions are provided in the Notice of Meeting and Explanatory Notes accompanying this letter.

**APN Funds Management Limited, the Responsible Entity of the Fund, recommends that you vote in favour of the Resolutions.**

If you are not attending the Meeting, you are encouraged to appoint a proxy to attend and vote for you. The Proxy Form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy. You can also lodge your proxy online, as detailed in the Notice of Meeting. The Proxy Form must be received by the Fund's Unit Registry no later than 10.00am (Melbourne time) on Tuesday, 21 October 2014. A reply paid envelope for this purpose is enclosed.

The results of the Meeting will be announced to the Australian Securities Exchange ("ASX") on the day of the Meeting.

If you have any queries about the Meeting, please call Link Market Services Limited on 1300 554 474. For callers outside of Australia, please call +61 2 8280 7111.

I look forward to seeing as many of you as possible on 23 October 2014.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Miles Wentworth', with a stylized flourish above the name.

**Miles Wentworth**  
Chief Executive Officer  
Generation Healthcare REIT

# NOTICE OF ANNUAL UNITHOLDER MEETING

Notice is given by APN Funds Management Limited (ACN 080 674 479) ("Responsible Entity", "APNFM") that an Annual Unitholder Meeting ("Meeting") of Generation Healthcare REIT (ARSN 118 712 584) ("Fund") will be held at:

Time: 10.00am

Date: Thursday 23 October 2014

Place: Sheraton Melbourne Hotel  
Monash Room  
27 Little Collins Street  
Melbourne, Victoria

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The business to be considered at the Meeting is as follows:

## ORDINARY BUSINESS:

### RESULTS AND ACTIVITIES

To receive a presentation from the Chief Executive Officer of the Fund, Miles Wentworth, on the results and activities of the Fund for the financial year ended 30 June 2014, an update on the activities of the Fund post 30 June 2014 and the details of the performance fee changes to be implemented.

## SPECIAL BUSINESS:

### RESOLUTION 1

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

**Resolution** – Approve the issue of ordinary, fully-paid units in the Fund (**Units**) which occurred on 19 November 2013 to institutional and sophisticated investors, for the purpose of Listing Rule 7.4, to refresh the Fund's capacity to issue new Units pursuant to Listing Rule 7.1.

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the previous issue of 9,649,123 Units at an issue price of \$1.14 per Unit, under a placement to institutional and sophisticated investors as detailed in the Explanatory Notes (**November Placement**) is approved."*

### RESOLUTION 2

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

**Resolution** – Approve the issue of Units which occurred on 3 June 2014 to institutional and sophisticated investors, for the purpose of Listing Rule 7.4, to refresh the Fund's capacity to issue new Units pursuant to Listing Rule 7.1.

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the previous issue of 5,750,000 Units at an issue price of \$1.20 per Unit, under a placement to institutional and sophisticated investors as detailed in the Explanatory Notes (**June Placement**) is approved."*

### RESOLUTION 3

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

**Resolution** – Approve the issue of Units which occurred on 23 June 2014 to the vendor of the freehold property interest over 55 Little Edward Street, Brisbane for the purpose of Listing Rule 7.4, to refresh the Fund’s capacity to issue new Units pursuant to Listing Rule 7.1.

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, the previous issue of 12,083,333 Units at an equivalent issue price of \$1.20 per Unit, under a placement to the vendor of the freehold property interest over 55 Little Edward Street, Brisbane as detailed in the Explanatory Notes (**Vendor Placement**) is approved.”*

### RESOLUTION 4

To consider, and if thought fit, pass the following resolution as a **special resolution**:

**Resolution** – Approve the capacity to issue Units totalling an additional 10% of the Units on issue on the terms and conditions set out in the Explanatory Notes.

*“That for the purpose of Listing Rule 7.1A and for all other purposes, the issue of Units totalling up to an additional 10% of the Units on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum, is approved.”*

### RESOLUTION 5

To consider, and if thought fit, pass the following resolution as a **special resolution**:

**Resolution** – Approve the proposed amendments to the Constitution to amend the method by which payments are made to Unitholders, including changes to facilitate electronic transfers as the payment method for payments to Unitholders.

*“That the Constitution be amended as set out in the supplemental deed poll marked the ‘Seventh Supplemental Deed Poll’ and the Responsible Entity be authorised to do all things necessary to give effect to this resolution, including (without limitation) to execute and lodge with the Australian Securities and Investments Commission a supplemental deed in relation to the amendments referred to in this resolution.”*

### CHAIR

The Responsible Entity intends to appoint Chairman, Geoff Brunsdon, to act as Chair of the Meeting in accordance with the Corporations Act.

## **VOTING EXCLUSION STATEMENT**

In relation to Resolutions 1, 2 and 3, in accordance with the Listing Rules, the Chair will disregard any votes cast on each resolution by:

- any person who participated in the relevant Placement; and
- any associate of such persons.

In relation to Resolution 4, in accordance with the Listing Rules, the Chair will disregard any votes cast on the resolution by:

- any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Unitholder, if the resolution is passed; and
- any associate of such persons.

However, the Chair need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **QUORUM**

The quorum for the Meeting is Unitholders present (in person or by proxy) holding no less than 10% of the Units on issue. A Unitholder is counted towards the quorum even if the Unitholder may not be entitled to vote.

## **REQUIRED MAJORITY**

Resolutions 1, 2 and 3 are ordinary resolutions, and will be passed if more than 50% of the votes cast by Unitholders present (in person or by proxy) and eligible to vote are cast in favour of each resolution.

Resolutions 4 and 5 are special resolutions, and will be passed if 75% or more of the votes cast by Unitholders present (in person or by proxy) and eligible to vote are cast in favour of each resolution.

## **RIGHT TO APPOINT A PROXY**

A Unitholder has a right to appoint a proxy to attend and vote at the Meeting on their behalf.

A proxy does not need to be a Unitholder, and you may appoint the Chair of the Meeting as your proxy. If you appoint the Chair as your proxy and do not specifically direct the Chair how to vote on a particular resolution, you will be deemed to have directed the Chair to vote in favour of that resolution.

The Proxy Form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy.

To be valid, Link Market Services Limited must receive your Proxy Form no later than 10.00am (Melbourne time) on Tuesday 21 October 2014.



## HOW TO VOTE

**By Mail:** Locked Bag A14  
SYDNEY SOUTH NSW 1235

**By Fax:** +61 2 9287 0309

**By Hand:** Link Market Services  
Level 12, 680 George Street  
SYDNEY, NSW 2000

**Online:** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

- Step 1: Select Investor Login from the right hand menu.
- Step 2: Enter Generation Healthcare REIT as the Issuer.
- Step 3: Enter your Holder Identifier (which appears under the barcode on the front of your proxy form) and your postcode or Country.
- Step 4: Enter the security code, tick the box to accept the terms and conditions and click "Login".
- Step 5: Select Voting from the top menu and follow the prompts to lodge your Proxy.

## VOTING ENTITLEMENT

Unitholders registered as holders of Units in the Fund as at 10.00am Melbourne time on Tuesday 21 October 2014 will be entitled to attend and vote at the Meeting (subject to any voting exclusion).

The Responsible Entity and its associates are not entitled to vote on a resolution if they have an interest in the resolution or matter other than as a Unitholder in accordance with section 253E of the Corporations Act.

## CORPORATE REPRESENTATIVES

A company wishing to appoint a person to act as its representative at the Meeting must provide that person with a letter executed in accordance with the company's constitution and the Corporations Act authorising him or her to act as the Unitholder's representative. A 'Certificate of Appointment of Representative' may be obtained from Link Market Services Limited.

Please see the attached Explanatory Memorandum for further information in respect of the proposed resolutions.

**Issued by APN Funds Management Limited (ACN 080 674 479 AFSL 237500) as the Responsible Entity of Generation Healthcare REIT (ARSN 118 712 584).**

## EXPLANATORY NOTES TO NOTICE OF MEETING

These explanatory notes provide information relating to the resolutions contained in the Notice of Meeting ("Notice") to be put to the Meeting.

### RESOLUTIONS 1, 2 AND 3 – APPROVAL OF PLACEMENTS

#### Background

The purpose of resolutions 1, 2 and 3 is for Unitholders to approve, pursuant to Listing Rule 7.4, the previous issue of Units pursuant to each of the November Placement, the June Placement and the Vendor Placement.

#### *November Placement*

On 19 November 2013, the Responsible Entity issued 9,649,123 Units at an issue price of \$1.14 per Unit to existing and new institutional and sophisticated investors via placements arranged by Macquarie Capital (Australia) Limited and Morgans Corporate Limited. The Units issued were fully paid ordinary units in the Fund ranking equally with all other ordinary units and having identical rights to existing ordinary units quoted on the ASX. The funds raised from the November Placement were raised to part fund the development of stage 1 at Casey. Details of the Casey stage 1 development were announced to the ASX on 13 November 2013.

#### *June Placement*

On 3 June 2014, the Responsible Entity issued 5,750,000 Units at an issue price of \$1.20 per Unit to existing and new institutional investors via placements arranged by Macquarie Capital (Australia) Limited and Morgans Corporate Limited. The Units issued under the June Placement were fully paid ordinary units in the Fund but did not carry an entitlement to the June 2014 half year distribution. In all other respects, the Units ranked equally with the existing ordinary units quoted on the ASX. The funds raised from the June Placement were used to partially fund the acquisition of the freehold interest in 55 Little Edward Street, Brisbane, settlement of which occurred on 23 June 2014, and the refurbishment and expansion of Epworth Freemasons Clarendon Street. Further details of the refurbishment and expansion of Epworth Freemasons Clarendon Street, and the 55 Little Edward Street, Brisbane acquisition were announced to the ASX on 22 May 2014 and 23 June 2014 respectively.

#### *Vendor Placement*

On 23 June 2014, the Responsible Entity issued 12,083,333 Units at an equivalent issue price of \$1.20 per Unit to Bennelong Real Estate Funds, the vendor of 55 Little Edward Street, Brisbane, as partial consideration for the acquisition of the freehold interest in this property.

The Units issued under the Vendor Placement were fully paid ordinary units in the Fund but did not carry any entitlement to the June 2014 half year distribution. In all other respects, the Units ranked equally with the existing ordinary units quoted on the ASX.



## **Purpose of resolutions**

Under Listing Rule 7.1, the Responsible Entity may issue up to 15% of its issued capital in the Fund without obtaining unitholder approval in any 12 month period. The issue of Units pursuant to the three Placements did not exceed the 15% threshold. Without the approval sought under resolutions 1, 2 and 3, the Units issued under the Placements would count towards the 15% limit under Listing Rule 7.1.

However, Listing Rule 7.4 provides that where Unitholders subsequently approve an issue, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1. Therefore, the Fund's 15% capacity will be refreshed and the Responsible Entity will be able to issue further Units up to that limit.

## **ASX Listing Rules**

ASX Listing Rule 7.4 contains provisions allowing the Responsible Entity to refresh its ability to issue up to 15% of the total issued Units in any 12 month period by subsequent unitholder approval, if the issues in the previous 12 month period did not breach the Listing Rules.

## **Voting exclusion**

In accordance with the Listing Rules, the Chair will disregard any votes cast on:

- (1) resolution 1 by any persons who participated in the November Placement and their associates;
- (2) resolution 2 by any persons who participated in the June Placement and their associates;
- (3) resolution 3 by any persons who participated in the Vendor Placement and their associates.

## **RESOLUTION 4 – ADDITIONAL PLACEMENT CAPACITY**

### **Background**

Without Unitholder approval under this resolution, the Responsible Entity may issue up to 15% of its issued capital over a 12 month period, unless the issue falls within one of the exceptions under Listing Rule 7.2, such as pro rata issues to existing Unitholders.

The effect of this resolution will be to allow the Responsible Entity to issue an additional 10% of the Fund's issued capital by way of placements over a 12 month period from the date of the Meeting, without using the Fund's 15% annual placement capacity under Listing Rule 7.1.

The Responsible Entity may only issue securities which are the same class as an existing class of quoted securities. The Fund currently has only one class of securities on issue, being fully paid ordinary units.

## ASX Listing Rules

Listing Rule 7.1A enables an 'Eligible Entity' to seek unitholder approval by special resolution at its 'annual general meeting'<sup>1</sup> to issue ordinary securities of up to 10% of its issued capital over a period of up to 12 months after the annual general meeting (**Additional Placement Capacity**). This Additional Placement Capacity is in addition to the Fund's annual 15% placement capacity under Listing Rule 7.1.

An Eligible Entity is an entity that, as at the date of the annual general meeting:

- is not included in the S&P/ASX300 Index; and
- has a market capitalisation which is equal to or less than \$300 million (excluding restricted securities and securities quoted on a deferred settlement basis).

The Fund is an Eligible Entity, as it is not included in the S&P/ASX300 Index and has a current market capitalisation of approximately \$239 million.

Under Listing Rule 7.1A, the maximum number of Units which the Responsible Entity may issue if Unitholders approve the resolution will be calculated according to the following formula:

### **(A X D) – E**

Where:

A is the number of Units on issue 12 months before the date of issue or agreement:

- (i) plus the number of Units issued in the previous 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid units that become fully paid in the 12 months;
- (iii) plus the number of Units issued in the 12 months with approval of Unitholders under Listing Rule 7.1 or Listing Rule 7.4; and
- (iv) less the number of fully paid Units cancelled in the 12 months.

D 10%

E is the number of Units issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of Unitholders under Listing Rule 7.1 or Listing Rule 7.4.

## Minimum price

The minimum price at which Units may be issued in accordance with the approval under Listing Rule 7.1A is 75% of the volume weighted average price of Units, calculated over the 15 ASX trading days on which trades are recorded immediately preceding the date the Units are issued, or the date on which the price of the Units is agreed provided that the issue is completed within five trading days of that date.

## Date of issue

The final date for the issue of Units under Listing Rule 7.1A.1 is the earlier of:

- the date which is 12 months after the date of the Meeting; and
- the date on which Unitholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

<sup>1</sup> The Responsible Entity has received confirmation from the ASX that this Meeting constitutes an annual general meeting for the purposes of Listing Rule 7.1A.

## Purpose of issue

The Responsible Entity may issue Units under the Additional Placement Capacity for various purposes, including:

- (i) to raise funds as consideration for the acquisition of or investment in real estate investment assets (including expenses associated with such acquisitions);
- (ii) to provide funds for continued expenditure on the Fund's current assets and general working capital of the Fund; and
- (iii) as non-cash consideration for the acquisition or investment in real estate investment assets and, in such circumstances, the Fund will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

## Risk of dilution

Any Units that are issued under the Additional Placement Capacity will dilute the voting interests and may dilute the economic interests of Unitholders who do not receive Units under the issue.

The table below sets out the potential dilution of existing Unitholders as a result of the issue of Units under the Additional Placement Capacity. The table shows the number of Units which may be issued and the funds which may be raised depending on:

- (i) the number of Units on issue (variable A in the formula); and
- (ii) the issue price changing (noting that Units may only be issued at up to a 25% discount based on the volume weighted average price of the Units calculated over the 15 ASX trading days preceding the issue).

The calculations do not show the dilution that any one Unitholder will be subject to. All Unitholders should consider the dilution caused to their own unitholding depending on their specified circumstances.

NUMBER OF UNITS ON ISSUE VARIABLE "A"	DILUTION	ISSUE PRICE		
		\$0.685 (50% decrease in current issue price)	\$1.37 (current issue price)	\$2.74 (100% increase in current issue price)
175,049,386 (Current number of units)	Additional Units (10% x A)	17,504,938 Units	17,504,938 Units	17,504,938 Units
	Funds raised	\$11,990,883	\$23,981,765	\$47,963,530
262,574,079 (50% increase)	Additional Units (10% x A)	26,257,407 Units	26,257,407 Units	26,257,407 Units
	Funds raised	\$17,986,324	\$35,972,648	\$71,945,295
350,098,772 (100% increase)	Additional Units (10% x A)	35,009,877 Units	35,009,877 Units	35,009,877 Units
	Funds raised	\$23,981,766	\$47,963,531	\$95,927,063

The following assumptions were taken into account in preparing the table above:

- The current number of Units on issue is the Units on issue as at 15 September 2014.
- The current issue price is the closing price of the Units on the ASX as at 15 September 2014.
- GHC issues the maximum number of Units available under the 10% Additional Placement Capacity.
- The current number of units on issue is calculated on the basis that Resolutions 1, 2 and 3 are approved.

Unitholders should note that there is a risk that:

- the market price for the Fund's Units may be significantly lower on the issue date than on the date of the Meeting; and
- the Units may be issued at a price that is at a discount to the market price for those Units on the date of issue.

### **Allocation policy**

GHC has not determined who may be allotted Units issued under the Additional Placement Capacity. Units issued under the Additional Placement Capacity may be allotted to existing Unitholders or new unitholders.

GHC will determine the relevant parties at the time of the issue under the Additional Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds available to the Fund at that time, including but not limited to pro-rata rights issues or other issues in which existing Unitholders may participate;
- (iii) the effect of the issue on the control of the Fund;
- (iv) the circumstances of the Fund;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

### **Previous approval under Listing Rule 7.1A**

The Fund has previously obtained approval under Listing Rule 7.1A at its Annual Unitholder Meeting held on 28 October 2013. The Responsible Entity issued 74,735,660 Units in the 12 months preceding this Meeting. This represented approximately 75% of the Units on issue as at 22 October 2013.

As required under ASX Listing Rule 7.3A.6(b), the details in respect of all issues of equity securities by the Responsible Entity during the previous 12 months are set out on the following page.

Details	Number of equity securities issued	Class and summary of terms of equity securities	Parties issued equity securities	Price / discount to market price of equity securities issued	Amount of cash or non-cash consideration
<b>November Placement</b>	9,649,123	Ordinary fully paid units	Institutional and sophisticated investors via placements arranged by Macquarie Capital (Australia) Limited and Morgans Corporate Limited	\$1.14 per unit / 5.79% discount	\$11.0 million (less the transaction costs incurred) was used to repay borrowings to create the capacity to draw down debt to fund the development of the Casey stage 1 project when required.
<b>Unit Purchase Plan</b>	6,140,351	Ordinary fully paid units	Existing unit holders who elected to participate	\$1.14 per unit / 5.79% discount	\$7.0 million (less the transaction costs incurred) was used to repay borrowings to create the capacity to draw down debt to fund the development of the Casey stage 1 project when required.
<b>Performance Units</b>	3,450,185	Ordinary fully paid units	Responsible Entity	\$1.2278 per unit / 1.47% premium	\$4.2 million for the payment of performance fees under the constitution.
<b>DRP issue</b>	966,477	Ordinary fully paid units	Existing unit holders who elected to participate	\$1.2019 per unit / 0.67% discount	\$1.2 million was used to repay debt and for general working capital purposes.
<b>June Placement</b>	5,750,000	Ordinary fully paid units	Institutional and sophisticated investors via placements arranged by Macquarie Capital (Australia) Limited and Morgans Corporate Limited	\$1.20 per unit / 9.09% discount	\$50.2 million, of which: <ul style="list-style-type: none"> <li>➤ \$12.5 million has been spent to fund the refurbishment and expansion of Epworth Freemasons Clarendon Street and the development of the Cancer Centre;</li> <li>➤ \$29.9 million was paid as part consideration for the acquisition of 55 Little Edward Street, Brisbane;</li> <li>➤ With the balance used to pay the costs associated with the acquisitions, equity raising and for general working capital purposes</li> </ul>
<b>Entitlement offer</b>	36,156,186	Ordinary fully paid units	Existing unit holders who elected to participate	\$1.20 per unit / 9.43% discount in respect of the units issued under the institutional offer and early retail offer; and 9.43% discount in respect of the units issued under the retail offer	
<b>Vendor Placement</b>	12,083,333	Ordinary fully paid units	Stourton Properties Pty Ltd ACN 096 949 772 as trustee for Stourton Properties Unit Trust No.9	\$1.20 per unit / 10.45% discount	\$15.0 million which has been paid to the vendor as part consideration for the acquisition of 55 Little Edward Street, Brisbane. Current value of non-cash consideration is \$16.55 million (based on closing price on 15 September 2014).
<b>DRP issue</b>	540,005	Ordinary fully paid units	Existing unit holders who elected to participate	\$1.2973 per unit / 4.61% discount	\$0.7 million was used to for general working capital purposes.

## **Voting exclusion**

As at the date of this Notice of Meeting, the Responsible Entity has not approached any existing Unitholder or identified any existing Unitholders to participate in the issue of Units under the Additional Placement Capacity. No existing Unitholder's votes will therefore be excluded under the voting exclusion.

## **RESOLUTION 5 – AMENDMENT TO CONSTITUTION - PAYMENT METHOD**

### **Background**

Given the increasing prevalence of electronic payments, the Responsible Entity wishes to amend the method by which payments may be made to Unitholders, including changes to facilitate electronic transfers as the payment method for payments to Unitholders, such as distributions.

Currently, payments to Unitholders are made by cheque unless the Unitholder nominates an account for the electronic transfer of payments. Cheques which are not presented for payment within 9 months will be cancelled and the funds may (at the discretion of the Responsible Entity) be reinvested in Units at the Average Market Price (as defined in the Constitution), which is generally the 5 day volume weighted average price of Units as traded on the ASX. Similarly, if an electronic payment is unsuccessful on 3 occasions, the money may be reinvested (at the discretion of the Responsible Entity) at the Average Market Price.

The Responsible Entity considers that there are efficiencies associated with using electronic payments as the method in which payments are made to Unitholders. Accordingly, the Responsible Entity is proposing to amend the Constitution to provide for electronic transfers to an account nominated by the Unitholder as the default payment method, as well as other ancillary changes to the method of payment.

### **Summary of proposed amendment**

Under the proposed amendments, the Responsible Entity will pay any money payable by the Responsible Entity to a Unitholder by electronic transfer to an account with an authorised deposit-taking institution (**ADI**) as nominated by the Unitholder. The Unitholder will be required to nominate details of its account with an ADI. Unless the Unitholder is a foreign unitholder (as defined in the Constitution) and has failed to nominate an account with an ADI, the Responsible Entity will pay any money via electronic transfer. If the electronic transfer is unsuccessful for any reason (including where a Unitholder fails to nominate an account), then on the date that is 6 months after the date the payment was first payable (or such later date as determined by the Responsible Entity), the amount of the unsuccessful payment becomes an Asset (as defined in the Constitution) of the Fund.

Where payment is made by cheque, then on the date being 6 months after the date the payment was first payable (or such later date as determined by the Responsible Entity) or the cancellation of the cheque, whichever occurs first, the amount becomes an Asset of the Fund.

Where an amount becomes an Asset of the Fund due to there being an unsuccessful payment, the Responsible Entity will pay an amount equal to the amount of the unsuccessful payment to the Unitholder on demand by the Unitholder at any time before the expiry of 6 years following the date the payment was first due to the Unitholder.

The Constitution will also be amended to provide that the Responsible Entity will only pay whole cents and any remaining fraction of a cent becomes an Asset of the Fund.



## **Rationale for proposed amendment**

The Responsible Entity considers there to be efficiencies associated with changing the method of payment in the manner proposed, including:

- making it easier for Unitholders to receive payments;
- improving the certainty that payments will reach Unitholders compared to cheques sent by post;
- reducing the need to continually update payment details for Unitholders upon change of address; and
- minimising the costs of postage and administration of cheque payments.

Accordingly, the Responsible Entity proposes these amendments to facilitate payments by electronic transfer as the default payment method for Unitholders.

## **Corporations Act**

Under section 601GC(1)(a), the Constitution may be modified by special resolution of the Unitholders in the Fund.

A copy of the supplemental deed which sets out the amendments may be inspected by Unitholders at the Responsible Entity's offices during business hours upon request. A copy of the supplemental deed will also be tabled at the Meeting.



**Responsible Entity**

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