

29 April 2015

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney  
NSW 2000

**Responsible Entity**  
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Level 30, 101 Collins Street  
Melbourne Victoria 3000 Australia  
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## **Generation Healthcare REIT (ASX Code: GHC)**

### **Accelerated Non-Renounceable Entitlement Offer**

Attached are the following documents related to the accelerated non-renounceable entitlement offer (**Entitlement Offer**) as announced on 28 April 2015:

- Retail Entitlement Offer Booklet (**Offer Booklet**); and
- Entitlement and Acceptance Form.

These documents are scheduled to be sent to Eligible Unitholders (as defined in the Offer Booklet) on Tuesday 5 May 2015. The attached letter of notification to Ineligible Unitholders was dispatched today.

#### **Further information for Eligible Unitholders**

Eligible Unitholders are encouraged to carefully read the Offer Booklet for further details relating to the Entitlement Offer.

For all investor enquiries, please call the Generation Healthcare REIT Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) or visit our website at [www.generationreit.com.au](http://www.generationreit.com.au).

The Entitlement Offer closes at 5.00 pm (AEST) on Friday 22 May 2015. Applications and associated application moneys must be received prior to this time.

Yours sincerely



**John Freemantle**  
Company Secretary

For further information please contact

Miles Wentworth  
Chief Executive Officer  
Generation Healthcare REIT  
T: +61 3 8656 1000

Investor Relations  
T: +61 1800 996 456

#### **About Generation Healthcare REIT**

**Generation Healthcare REIT (ASX code: GHC)**, is Australia's only ASX listed healthcare real estate investment entity.

Including the Acquisition Properties, the Fund will own 16 properties including hospitals, medical centres, laboratories, residential aged care facilities and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. On a pro-forma basis the Fund will have total assets of approximately \$387 million with investments located in Victoria, New South Wales and Queensland.

[generationreit.com.au](http://generationreit.com.au)

#### **About APN Funds Management Limited**

APN Funds Management Limited (APNFM) is the Responsible Entity of Generation Healthcare REIT. The Board of APNFM consists of four directors, three of which, including the Chairman are Independent Directors. APNFM is a wholly owned subsidiary of APN Property Group Limited (APN) (ASX code: APD), a specialist real estate investment manager.

Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutions, superannuation funds, high net worth and individual investors. APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

[apngroup.com.au](http://apngroup.com.au)

## GENERATION **HEALTHCARE** REIT Retail Entitlement Offer Booklet



Details of a 3 for 17 non-renounceable Entitlement Offer of **Generation Healthcare REIT** (ASX: GHC) Units that will raise additional equity capital of approximately \$47.0 million at an issue price of \$1.50 per New Unit.

This Retail Entitlement Offer closes at 5.00 pm (AEST) on 22 May 2015.

This is an important document which requires your immediate attention. It is accompanied by an Entitlement and Acceptance Form to assist you to subscribe for New Units in Generation Healthcare REIT.

This Offer Booklet is dated 28 April 2015

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN THE UNITED STATES OR TO U.S. PERSONS. No public offer of securities is being made in the United States.



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## ENQUIRIES

The information provided in this document is general information only and does not take into account your personal financial situation or needs. Before making a decision about investing in the Retail Entitlement Offer, if you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek the advice of your financial advisor, stockbroker, accountant, or other professional advisor to determine whether it meets your objectives, financial situation and needs.

If you have any questions on how to:

- Complete the Entitlement and Acceptance Form; or
- Take up your Entitlement; or
- Receive a replacement Entitlement and Acceptance Form.

Please call the Generation Healthcare REIT Offer Information Line between 8:30 am and 5:30 pm (AEST) Monday to Friday during the Retail Entitlement Offer period:

- T** 1800 677 648 (Australia)  
+61 1800 677 648 (Outside Australia)
- E** [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

## WEBSITE

To view past annual reports, Unitholder information, announcements and background information on Generation Healthcare REIT's operations, visit Generation Healthcare REIT's website at [www.generationreit.com.au](http://www.generationreit.com.au)

## NO OFFER TO U.S. INVESTORS

This document does not constitute an offer to sell, or the solicitation of an offer to buy any securities in the United States or to or for the account or benefit of any US Person (as defined in Regulation S under the United States Securities Act of 1993 (as amended) (**The Securities Act**) (**US Person**)). No action has been taken or will be taken to register, qualify or otherwise permit a public offering of the New Units in any jurisdiction outside of Australia or New Zealand. In particular, the New Units have not been nor will be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. Persons.

The provision of this document is not, and should not be considered as personal financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position please contact your accountant, tax advisor, stockbroker or other professional advisor.



# CORPORATE DIRECTORY▶

## REGISTERED OFFICE AND RESPONSIBLE ENTITY

### **APN Funds Management Limited**

ACN 080 674 479  
AFSL 237500  
Level 30, 101 Collins Street  
Melbourne, Victoria 3000 Australia

## MANAGER

### **Generation Healthcare Management Pty Ltd**

ACN 116 881 559  
Level 30, 101 Collins Street  
Melbourne, Victoria 3000 Australia

## LEGAL ADVISOR

### **Hall & Wilcox**

Level 11, Rialto Tower South  
525 Collins Street  
Melbourne, Victoria 3000 Australia

## SHARE REGISTRY

### **Link Market Services Limited**

Level 1, 333 Collins Street  
Melbourne, Victoria 3000 Australia

## JOINT LEAD MANAGERS AND UNDERWRITERS

### **Macquarie Capital (Australia) Limited**

Level 9, 1 Martin Place  
Sydney, New South Wales 2000 Australia

### **Morgans Corporate Limited**

Level 28, 367 Collins St  
Melbourne, Victoria 3000 Australia



Tantula Rise, Alexandra Headland, Queensland

A portrait of Miles Wentworth, Chief Executive Officer of Generation Healthcare REIT. He is a middle-aged man with a shaved head, wearing a dark blue suit, a white shirt, and a purple and blue striped tie. He is smiling slightly and looking towards the camera. The background is a blurred outdoor scene with trees and a building.

## LETTER FROM THE CHIEF EXECUTIVE OFFICER ➤

Dear Unitholder,

I am pleased to write to you, as a valued investor in Generation Healthcare REIT (**GHC** or the Fund), and offer you the opportunity to participate in GHC's recently announced fully underwritten 3 for 17 accelerated non-renounceable entitlement offer that will raise additional equity capital of approximately \$47.0 million at an issue price of \$1.50 per New Unit (the **Entitlement Offer**).

As announced on 28 April 2015, the Entitlement Offer will fully fund the acquisition of a portfolio of three high quality aged care properties from RSL Care Limited on a 7.65% purchase yield for \$45.8 million (plus costs):

- **Baycrest** at 99 Doolong Road, Pialba, Queensland for \$14.4 million;
- **Tantula Rise** at 96 Tantula Road West, Alexandra Headland, Queensland for \$17.9 million; and
- **Darlington** at 126 Leisure Drive, Banora Point, New South Wales for \$13.5 million.

(together, the **Acquisition Properties**)

Fully equity funding the Acquisition Properties will provide the balance sheet capacity to undertake the **Casey Stage 2 project** (refer below for more detail), commercial in principle terms of which have now been agreed with St John of God Health Care the tenant and a co-owner.

In conjunction with the Entitlement Offer, there will be a placement of 3.3 million units at \$1.50 per Unit (\$5.0 million) to a member of the Taverners Group (together the **Equity Raising**), pursuant to contracted arrangements when the Fund acquired 55 Little Edward Street, Brisbane in May 2014.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The total amount raised under the Institutional Entitlement Offer will be announced Wednesday 29 April 2015, before trading in GHC Units resume on an ex-entitlement basis. This Retail Entitlement Offer Booklet relates only to the Retail Entitlement Offer.

On the basis of distribution guidance of 8.84 cpu for the financial year ending 30 June 2016 and an issue price of \$1.50 per New Unit, the forecast distribution yield is 5.9% per annum<sup>1</sup>. New Units issued will not be entitled to the June 2015 half year distribution and will initially trade under the ASX Code "GHCN" as a different class of Units. On commencement of trading on Wednesday 1 July 2015, all units trading as GHCN will convert to ordinary GHC Units and rank equally in all respects and be entitled to all future distribution entitlements.

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

# LETTER FROM THE CHIEF EXECUTIVE OFFICER ►

The issue price of \$1.50 per New Unit represents a 5% discount to the distribution adjusted<sup>2</sup> five-day volume weighted average price of existing GHC Units on the ASX between Monday 20 April 2015 and Friday 24 April 2015 of \$1.62 and a discount of 6% to the distribution adjusted closing price of GHC Units of \$1.64 on 24 April 2015, the day on which GHC Units were last traded prior to the announcement of the Equity Raising on 24 April 2015.

It is important to note that the price of GHC Units, as with other securities listed on the ASX, can and does regularly change. As an example, during the last 12 months GHC Units have traded at prices between \$1.23 and \$1.64. Past performance of GHC Units is not a reliable indicator of future performance.

The number of GHC Units you are entitled to subscribe for under the Retail Entitlement Offer is set out in your personalised Entitlement and Acceptance Form.

## Use of proceeds

### The Acquisition Properties

The total equity raise proceeds of \$52.0 million will be used to fully fund the purchase of the Acquisition Properties and create additional capacity for the Fund to secure new debt facilities to commence delivery of the Fund's significant organic growth opportunities as and when required, once all applicable conditions have been satisfied.

The acquisition of the freehold title of each Acquisition Property is conditional on the subdivision of the properties from the co-located retirement villages. Subdivision is in progress with the issue of separate titles expected between July and October 2015. To enable immediate effective contribution of the Acquisition Properties to the Fund's earnings, an interim fully secured loan (earning the same rate of return as the proposed 20 year lease) and a put and call option has been entered into for each property that will be exercised on the issue of separate titles for each individual site.

GHC has also entered into a Collaboration Agreement with RSL Care, under which RSL Care and GHC will work closely together to source and secure further residential aged care assets.

### Additional balance sheet capacity for attractive organic growth projects

Fully equity funding the purchase of the Acquisition Properties provides additional balance sheet capacity for GHC to fund the following organic growth projects, subject to the required conditions being satisfied:

- building the **Casey Stage 2 Project** being a new \$120 million private hospital tenanted by, and jointly owned with, St John of God Health Care, located in Casey, Victoria. GHC will invest approximately \$45 million, conditional on planning approval, final documentation, building tender and obtaining debt finance on satisfactory terms;
- a \$45 million expansion of the jointly owned **Frankston Private Hospital**. Following finalisation of master planning with the tenant Healthscope Limited this project has increased in scope from \$35 million as previously announced in July 2014. The Fund's share of the project has increased from \$17.5 million to \$29.25 million following the increased project size and the Fund's take up of a further 15% interest in this project from an existing joint venture partner.

Subject to receiving formal notice of approval of subdivision from the owner of the **Epworth Freemasons Private Hospital and Medical Centre** land at Victoria Parade, GHC will conclude the acquisition of the freehold interest in this property. GHC acquired the leasehold interest in the site in 2006 and contracted to acquire the freehold interest when the site could be subdivided from a larger parcel of land. Settlement of the \$10.7 million purchase price (plus costs) is currently contracted to occur outside of the FY2016 forecast period. However, this may occur earlier depending on the timing of works and agreement with Freemasons, Victoria.

The above transactions are consistent with the strategy of the Fund, to acquire high quality assets that generate attractive risk adjusted returns and realising the inherent value of GHC's organic growth pipeline whilst continuing to enhance portfolio metrics and diversification.

Further details of the property transactions and the impact on GHC can be found in the Portfolio Acquisition and Equity Raising Presentation and ASX Announcement enclosed in this booklet.



# LETTER FROM THE CHIEF EXECUTIVE OFFICER➤

## About the Fund

GHC is Australia's only ASX listed healthcare real estate investment entity. Including the Acquisition Properties, the Fund will own 16 properties including hospitals, medical centres, laboratories, residential aged care facilities and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. On a pro-forma basis the Fund will have total assets of approximately \$387 million with investments located in Victoria, New South Wales and Queensland.

The strategy of the Fund is to:

- invest in quality healthcare real estate over the long term that will add value and provide attractive risk adjusted returns for the Fund's investors;
- partner with high quality healthcare tenants, providing secure, long term cashflows; and
- deliver a value-adding philosophy, consistently seeking ways of improving the Fund's existing assets and sourcing other high quality opportunities for the Fund.

With management's depth of experience and track record of success within the sector, we are able to leverage opportunities to add value to the Fund and its investors.

Key features:

- Healthcare property has demonstrated less volatility and is typically less cyclical than other property classes, providing attractive risk-adjusted returns for investors.
- Demand for healthcare services is growing due to an ageing population, increased life expectancy and advances in medical technology, providing further opportunity in the sector.

## Financial Impact<sup>3</sup>

Upon completion of the Equity Raising and the purchase of the Acquisition Properties, the pro-forma financial impact will include:

- \$45.8 million of high quality assets added to the portfolio, further enhancing tenant diversification;
- a decrease in gearing from 33% to 30%;
- a 18% increase in market capitalisation from \$291 million to \$343 million;
- increase in total assets from \$341 million to \$387 million; and
- a 5% increase in net tangible asset (**NTA**) value per Unit from \$1.08 to \$1.13.

Distributions Per Unit (**DPU**) guidance for FY2015 is 8.58 cents per Unit, representing an increase of 7.3% on the DPU for the financial year ending 30 June 2014.

DPU guidance for FY2016 is 8.84 cents per Unit, representing an increase of 3.0% on the forecast DPU for FY2015.

## Details of Retail Entitlement Offer

This Retail Entitlement Offer Booklet relates to the offer of New Units to Eligible Unitholders under the Retail Entitlement Offer.

Eligible Unitholders, as defined in the Important Information section of this Retail Entitlement Offer Booklet, are entitled to apply for 3 New Units for every 17 existing GHC Units held at 7.00 pm time (AEST) Friday 1 May 2015, at \$1.50 per New Unit.

## Underwriting

The Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited and Morgans Corporate Limited (the **Underwriters**). The Underwriting Agreement contains terms which are customary for arrangements of this type.

# LETTER FROM THE CHIEF EXECUTIVE OFFICER➤

Under the Little Edward Street Contract of Sale dated May 2014, the Vendor (or its related body corporate or another member of the Taverners Group) has the right to sub-underwrite up to 10% of the Entitlement Offer on terms which would be usual between an issuer and a sub-underwriter for an equity raising of this nature. Taverners Group have elected to take up their rights

## Participating in the Retail Entitlement Offer

This Retail Entitlement Offer Booklet is accompanied by your personalised Entitlement and Acceptance Form. As an Eligible Unitholder you may:

1. Take up all of your Entitlement; or
2. Take up part of your Entitlement and allow the remaining rights to lapse; or
3. Take no action and allow all of your Entitlement to lapse. It is not possible to sell or transfer your Entitlement if you decide not to take it up.

**It is important to note that the Retail Entitlement Offer closes at 5pm on Friday 22 May 2015.**

To participate in the Retail Entitlement Offer, please either:

- Complete and return your Entitlement and Acceptance Form with the requisite application monies (by cheque, bank draft or money order) to the Registry; or
- Pay your application monies via BPAY® pursuant to the instructions set out on the Entitlement and Acceptance Form (which includes the BPAY® Biller Code and your unique Customer Reference Number (CRN)).

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or otherwise transferable. This means that Eligible Unitholders who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in GHC will be diluted. Accordingly, I encourage you to consider this Entitlement Offer carefully and, if you are in any doubt as to whether you should participate in the Entitlement Offer, you should consult your stockbroker, accountant or other independent financial adviser.

This Retail Entitlement Offer Booklet contains further details of the Retail Entitlement Offer as well as a description of the key risks associated with an investment in the Fund. I encourage you to read the entire Retail Entitlement Offer Booklet carefully and consider the information before deciding whether to participate in the Retail Entitlement Offer.

For further information regarding the Retail Entitlement Offer, please contact your financial adviser or stockbroker, call the Generation Healthcare REIT Offer Information Line on 1800 677 648 (Australia) or +61 1800 677 648 (Outside Australia) or visit our website at [www.generationreit.com.au](http://www.generationreit.com.au).

On behalf of the board of APN Funds Management Limited, the responsible entity of GHC (the **Responsible Entity**), I invite you to consider this opportunity and thank you for your continued support.

Yours faithfully,



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

- 1 Please refer to the Portfolio Acquisition and Equity Raise Presentation and distribution guidance issued on 28 April 2015 for further information on the assumptions and qualifications underlying the forecast distribution yield.
- 2 Adjusted for the June 2015 half year distribution entitlement, forecast to be 4.38 cents per Unit.
- 3 Please refer to the Investor Presentation for further information on pro forma financial information, key risks and assumptions.





Baycrest, Pialba, Queensland



## KEY DATES

Event	Date
Announcement of portfolio acquisition and equity raise	Tuesday 28 April 2015
Lodgement of Retail Offer Entitlement Booklet	Wednesday 29 April 2015
Trading in GHC Units resumes on ex-entitlement basis	Wednesday 29 April 2015
Record Date for determining entitlement for the Offer	7.00 pm (AEST) Friday 1 May 2015
Retail Offer Entitlement Booklet despatched	Tuesday 5 May 2015
Retail Entitlement Offer opens	Tuesday 5 May 2015
Early Retail Entitlement Offer close date	5.00 pm (AEST) Friday 8 May 2015
Settlement of Institutional Entitlement Offer and early Retail Entitlement Offer	Friday 8 May 2015
Allotment and commencement of trading of Institutional Entitlement Offer and early Retail Entitlement Offer units	Monday 11 May 2015
Retail Entitlement Offer closes	Friday 22 May 2015
Announcement of Retail Entitlement Offer results	Tuesday 26 May 2015
Settlement of Retail Entitlement Offer and Placement	Thursday 28 May 2015
Allotment of Retail Entitlement Offer and Placement	5.00 pm (AEST) Friday 29 May 2015
Commence trading of Retail Entitlement Offer and Placement units (other than units issued on the early allotment date)	Monday 1 June 2015
Despatch of holding statements	Monday 1 June 2015

This timetable is indicative only. GHC, subject to the Corporations Act, ASX Listing Rules and other applicable laws and rules, may vary these dates, in consultation with the Underwriters. This includes extending the Retail Entitlement Offer, closing the Retail Entitlement Offer early or accepting late applications, either generally or in particular cases, without notice. An extension of the Final Close Date will delay the anticipated date for allotment and issue of the New Units under the Retail Entitlement Offer.

GHC also reserves the right not to proceed with the whole or part of the Retail Entitlement Offer at any time prior to allotment and issue of the New Units. In that event, the relevant application monies (without interest) will be returned in full to Applicants.



Baycrest, Pialba, Queensland

# HOW TO APPLY

## The Retail Entitlement Offer

Eligible Unitholders, as defined in the Important Information section of this Retail Entitlement Offer Booklet, may subscribe for 3 New Units for every 17 existing GHC Units held at 7.00 pm AEST time on Friday 1 May 2015 (**Record Date**), at the issue price of \$1.50 per New Unit. The issue price represents a discount of 6% to the distribution adjusted<sup>4</sup> closing price of \$1.64 on the last day of trading before the announcement of the Equity Raising. The application moneys is payable in full on application.

Under the Retail Entitlement Offer, approximately \$47.0 million will be raised and 31.3 million New Units will be issued in GHC.

As an Eligible Unitholder you may:

1. Take up all of your Entitlement;
2. Take up part of your Entitlement and allow the remaining rights to lapse; or
3. Take no action and allow all of your Entitlement to lapse. It is not possible to sell or transfer your Entitlement if you decide not to take it up.

Eligible Unitholders who do not take up their Entitlements will not receive any value for those Entitlements and accordingly their proportionate interest in GHC will be diluted.

The number of New Units to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. If you have more than one holding of Units, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. Fractional Entitlements (arising if your holding is not divisible by 17) will be rounded to the nearest whole New Unit.

The Entitlement shown on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up in certain circumstances, for example, where you are holding Units on behalf of a U.S. Person (see definition of Eligible Unitholder in Important Information).

**GHC reserves the right to place, issue and allot any shortfall (being New Units offered but not taken up under the Retail Entitlement Offer) at its absolute discretion.** Without limitation, the Responsible Entity may allocate any shortfall to the Underwriters (and sub-underwriters) in its absolute discretion.

## Distribution and Ranking Entitlement of the New Units

New Units will not be entitled to the June 2015 half year distribution and will initially trade under the ASX Code "GHCN" as a different class of Units. The New Units will rank equally with existing GHC Units in all other respects. On commencement of trading on Wednesday 1 July 2015, all units trading as GHCN will convert to ordinary GHC Units and rank equally in all respects and be entitled to all future distribution entitlements.

## Entitlement Trading

The Retail Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

## Early Close Date

If you take up and pay for all or part of your Entitlement via BPAY® by 5.00 pm on Friday 8 May 2015 (**Early Close Date**), you will be allotted your New Units on Monday 11 May 2015. However, if you take up and pay for all or part of your Entitlement after the Early Close Date, but before the Final Close Date of 5.00 pm Friday 22 May 2015, you will be allotted your New Units on Friday 29 May 2015. If you take up your Entitlement by a method other than BPAY®, you will be allotted your New Units on Friday 29 May 2015.

## Nominees

The Retail Entitlement Offer is being made to all Eligible Unitholders (as defined in the Important Information section of this Retail Entitlement Offer Booklet). The Responsible Entity is not required to determine whether or not any registered Unitholder is acting as a nominee or the identity or residence of any beneficial owners of Units. Where any holder is acting as a nominee for a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any person that is or is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement on behalf of that person or send any material to the United States or to any person it knows to be a U.S. Person. The Responsible Entity is not able to advise on foreign laws.

<sup>4</sup> Adjusted for the 30 June 2015 half year distribution entitlement expected to be 4.38 cents per Unit



# HOW TO APPLY ➤

## Consider the Entitlement Offer in light of your particular investment objectives and circumstances

If you have any doubt about whether you should invest in the Entitlement Offer, you should seek independent professional advice from your financial advisor, stockbroker, accountant, or other professional advisor. In particular, please refer to the 'Key Risks' section of the Portfolio Acquisition and Equity Raising Presentation included in this Retail Entitlement Offer Booklet.

### What do you need to do?

1. Taking up all of your entitlements	<p>If you wish to take up all of your Entitlement, either:</p> <ul style="list-style-type: none"><li>➤ Complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the <b>full amount of the application money relating to your Entitlement</b>; or</li><li>➤ Make payment of the <b>full amount of the application money relating to your Entitlement</b> using BPAY®. Please include the BPAY® Biller Code and your unique CRN (if you use BPAY® you do not need to return the slip attached to the Entitlement and Acceptance Form).</li></ul> <p>Please follow the instructions on the Entitlement and Acceptance Form.</p>
2. Taking up all of your Entitlement and allowing the the remaining Entitlement to lapse	<p>If you wish to take up part of your Entitlement and allow the remaining Entitlement to lapse, either:</p> <ul style="list-style-type: none"><li>➤ Complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the <b>application money for the number of New Units you wish to take up</b>; or</li><li>➤ Make payment of the applicable amount of the <b>application money for the number of New Units you wish to take up</b> using BPAY® (if you use BPAY® you do not need to return the slip attached to the Entitlement and Acceptance Form).</li></ul> <p>Please follow the instructions on the Entitlement and Acceptance Form.</p>
3. Do nothing and let all of your Entitlement lapse	<p>If you do nothing, your Entitlement will lapse and you will receive no benefit. Although you will continue to own the same number of Units, your unitholding in the Fund will be diluted.</p>

# HOW TO APPLY ➤

## How to make payments

### a) Payment by Cheque, Bank Draft or Money Order

For payment by cheque, bank draft or money order, your completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order in Australian currency for the amount of the application monies, payable to Generation Healthcare REIT and crossed 'Not Negotiable'. Any agreement to issue New Units to you following receipt of your Entitlement and Acceptance Form is conditional on your cheque, bank draft or money order in payment of the application monies for those New Units being honoured on first presentation.

Your cheque, bank draft or money order must be:

- made payable to Generation Healthcare REIT;
- for an amount equal to \$1.50 multiplied by the number of New Units you wish to apply for; and
- in Australian currency drawn on an Australian branch of a financial institution;

Cash payments will not be accepted. Receipts for payment will not be issued.

Eligible Unitholders wishing to take up all or part of their Entitlement or to take up all of their Entitlement should submit their personalised Entitlement and Acceptance Form and application monies so that both are received by no later than 5pm (AEST) on Friday 22 May 2015 at the following address:

#### Mailing Address

Generation Healthcare REIT  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### Hand Delivery

Generation Healthcare REIT  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

A reply paid envelope is provided with this Retail Entitlement Offer Booklet for Unitholders in Australia.

### b) Apply via BPAY®

For payment by BPAY® please follow the instructions on the Entitlement and Acceptance Form. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making your payment. You should instruct payment well before 5.00 pm on Friday 22 May 2015 to enable its receipt before the Retail Entitlement Offer closes. Eligible Unitholders who make payment by BPAY® before the Early Close Date will be allotted their New Units on Monday 11 May 2015.

For payment by BPAY®, an Entitlement and Acceptance Form is not required to be lodged with the Registry.

The Responsible Entity will treat you as applying for as many New Units as your BPAY® payment will pay for. Any amount received by the Responsible Entity in excess of the amount required to be paid by you to apply for your Entitlement will be refunded. No interest will be payable on any application monies refunded (wholly or partially).

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

When completing your BPAY® payment, please be sure to use the specific Biller Code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you received more than one Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form.

By making a payment of application monies through BPAY®, you will be deemed to have made the representations, warranties and declarations set out in this Retail Entitlement Offer Booklet.

## Enquiries

If you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek taxation or other independent professional advice from your accountant or financial adviser. In particular, please refer to the 'Key Risks' section of the Portfolio Acquisition and Equity Raising Presentation included in this Retail Entitlement Offer Booklet.

If you have:

- questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Generation Healthcare REIT Offer Information Line on 1800 677 648 (Australia) or +61 1800 677 648 (Outside Australia), between 8:30am and 5:30pm Monday to Friday (AEST).



Darlington, Banora Point, New South Wales

# HOW TO APPLY ➤

## Acceptance of Retail Entitlement Offer

### GENERAL

- a) You authorise the Responsible Entity to register you as the holder(s) of the New Units allotted to you, and authorise the Responsible Entity and its officers or agents to do anything on your behalf necessary for the New Units to be issued to you, including to act on the instructions of GHC's registry upon using the contact details set out in the Entitlement and Acceptance Form.
- b) You agree to apply for, and be issued with up to, the number of New Units that you apply for at the issue price at \$1.50, and agree to be bound by the terms of the Retail Entitlement Offer Booklet and the provisions of the GHC constitution.
- c) You declare that:
  - All details and statements made in the Entitlement and Acceptance Form are complete and accurate;
  - If you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer; and
  - You are the current registered holder(s) of the Units in your name at the Record Date.
- d) You acknowledge that:
  - Once the Responsible Entity receives your application slip or your payment via BPAY® (if you use BPAY® you do not need to return the slip attached to the Entitlement and Acceptance Form), you may not withdraw it except as allowed by law; and
  - The information contained in this Retail Entitlement Offer Booklet is not investment advice or a recommendation that New Units are suitable for you, given your investment objectives, financial situation or particular needs.
- e) You represent and warrant that:
  - You are an Eligible Unitholder (see Important Information section for definition); and
  - The law of any place does not prohibit you from being given the Retail Entitlement Offer Booklet or making an application for New Units.

### JURISDICTIONAL REPRESENTATIONS AND ACKNOWLEDGEMENTS

By completing and returning your personalised Entitlement and Acceptance Form, or making a payment via BPAY®, you will be deemed to have represented that you are an Eligible Unitholder (as defined in the Important Information section in this Retail Entitlement Offer Booklet).

By completing and returning your personalised Entitlement and Acceptance Form or making a payment via BPAY®, you will also be deemed to have represented on behalf of each person on whose account you are acting that:

- You and each person on whose account you are acting are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person;
- You and each person on whose account you are acting acknowledge that none of the Entitlements or the New Units have been and none of them will be, registered under the Securities Act or the securities laws of any state or other jurisdiction outside Australia and accordingly neither the Entitlements or the New Units may be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- You and each person on whose account you are acting have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. Person.



Tantula Rise, Alexandra Headland, Queensland



## HOW TO APPLY ►

### Consent

None of the parties referred to in this Retail Entitlement Offer Booklet (other than the Responsible Entity and Generation Healthcare Management Pty Ltd) have made or authorised the making of any statement that is included in this Retail Entitlement Offer Booklet or any statements on which this Retail Entitlement Offer Booklet is based.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from the Retail Entitlement Offer Booklet other than references to its name or a statement or report included in the Retail Entitlement Offer Booklet with the consent of that part as specified above.

None of the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Retail Entitlement Offer Booklet and they do not take any responsibility for this Retail Entitlement Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Retail Entitlement Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their respective related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Units or the Entitlement Offer generally.



Tantula Rise, Alexandra Headland, Queensland





Tantula Rise, Alexandra Headland, Queensland



# PORTFOLIO ACQUISITION AND EQUITY RAISING PRESENTATION ➤



ASX Announcement

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28 April 2015

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

#### Generation Healthcare REIT (ASX Code: GHC)

### **GHC announces the acquisition of a portfolio of aged care properties to be funded by a \$52 million equity raising and commercial in-principle terms on the Casey Stage 2 project**

Generation Healthcare REIT ('GHC' or the 'Fund') is pleased to announce the acquisition of a portfolio of three freehold residential aged care properties from RSL Care Limited ('RSL Care') for a combined amount of \$45.8 million:

- **Baycrest** at 99 Doolong Road, Pialba QLD (\$14.4m);
- **Darlington** at 126 Leisure Drive, Banora Point NSW (\$13.5m); and
- **Tantula Rise** at 96 Tantula Road West, Alexandra Headland QLD (\$17.9m).

Co-located with RSL Care owned retirement villages, each property will be leased to RSL Care on an initial 20 year term plus options. In conjunction with this transaction, RSL Care and GHC have signed a collaboration agreement to source and secure further residential aged care opportunities.

The Fund has also agreed commercial in-principle terms with St John of God Health Care ('SJGHC') for the \$120 million Casey Stage 2 project. This partnership with SJGHC further builds on the Fund's strategic vision for the site being a major private health campus located in one of Victoria's fastest and largest growing Local Government Areas.

Following the fully equity funded portfolio acquisition announced today, GHC has updated its FY15 UNOI<sup>1</sup> and DPU guidance to 9.56 cpu and 8.58 cpu respectively; and provides FY16 UNOI<sup>1</sup> guidance of 9.90 cpu (an increase of 3.5%) and DPU of 8.84 cpu (an increase of 3.0%).

<sup>1</sup> UNOI (Underlying Net Operating Income) per unit adjusts statutory 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.

Commenting on the transactions, GHC's Chief Executive Officer, Miles Wentworth said, "The acquisition of this high quality aged care portfolio provides the Fund with direct exposure to Australia's ageing population, leased to one of Australia's largest not-for-profit aged care providers. The properties are co-located with RSL Care owned and managed retirement villages with strong operational performance. Furthermore, GHC has entered into a collaboration agreement with RSL Care which gives the Fund the opportunity to partner with RSL Care to acquire further residential aged care properties as part of RSL Care's strategic growth initiatives."

RSL Care's Chief Executive Officer, Craig Mills said, "We are delighted to be collaborating with healthcare property specialist Generation Healthcare REIT. GHC has a long-term strategy to work closely with us, enabling RSL Care to substantially grow its provision of health and wellbeing services to older Australians. This will support RSL Care in delivering on its strategic goal of becoming a leading residential aged care operator across the Eastern seaboard over the next five years."

Mr. Wentworth also noted, "funding these transactions entirely with equity provides further balance sheet capacity for Generation Healthcare to deliver on its value adding organic growth pipeline including the Casey Stage 2 project announced today. This joint venture with SJGHC positions the site at Casey to become one of Melbourne's leading private health campuses."

#### Portfolio of Properties Acquired

Asset	Baycrest	Darlington	Tantula Rise	Total
<b>Purchase Price</b>	\$14.4m	\$13.5m	\$17.9m	\$45.8m
<b>Floor Area</b>	6,676sqm	6,289sqm	7,768sqm	20,733sqm
<b>No. of beds</b>	101	90	120	311
<b>Room type</b>	Single ensuited	Single ensuited	Single ensuited	
<b>Occupancy</b>	98%	99%	98%	98%
<b>Co-located retirement village</b>	Yes – 192 units	Yes – 96 units	Yes – 40 units	
<b>Expansion land</b>	No	Yes (2,500 sqm <sup>2</sup> )	No	
<b>Date Built</b>	Mid 1990's plus 60 bed extension in 2006	2005 and 2007	2005 and 2007	
<b>Initial Yield</b>	7.65%	7.65%	7.65%	

The assets will be secured by long-term (20 year) leases with annual rent reviews to the lesser of 3% and CPI, with a market rent review on the tenth anniversary of the commencement date (with a 5% cap and collar). There will also be two 10-year option periods with 18 months minimum notice required.

<sup>2</sup> Currently owned by RSL Care.

Settlement of each of the property acquisitions is conditional on their subdivision from RSL Care's co-located retirement villages, expected to occur between July and October 2015. To enable an immediate contribution to the Fund's earnings, an interim fully secured loan (earning the same rate of return as the proposed 20 year lease) and a put and call option arrangement (that will be exercised on the issue of separate title for each site) have been entered into for each property.

### **Collaboration Agreement**

GHC has also signed a collaboration agreement under which RSL Care and GHC will work closely together to source and secure further residential aged care assets. This arrangement will leverage the parties' experience and expertise to generate value adding growth opportunities and enable RSL Care to offer its care and wellbeing services to many more older Australians.

### **RSL Care Limited**

RSL Care is one of Australia's largest not-for-profit aged care providers with a range of integrated home care, retirement living and residential care services across 28 communities throughout Queensland and New South Wales.

Funds generated from RSL Care's activities are reinvested so that it can deliver on its charitable purpose of promoting the wellbeing and independence of all Australians, including members of the ex-Service community.

RSL Care is focused on actively guiding its customers to make the most out of life. Recognising the needs of older Australians, their families and communities are changing, the company is responding to these changes through the development of innovative solutions which extend healthy and productive life expectancy.

RSL Care employs more than 3,600 staff and has over 400 volunteers. In the 2014 financial year, RSL Care provided health and wellbeing services to more than 20,000 people every day in metropolitan, rural and remote areas of Queensland and New South Wales and generated turnover in excess of \$250 million from an asset base of just under \$1 billion.

### **Casey Stage 2 Project**

GHC and SJGHC have agreed commercial in-principle terms (subject to the conditions outlined below) to build a new \$120 million private hospital in Casey, one of Victoria's largest and fastest growing local government areas.

The proposed new 18,000sqm private hospital, with 12,000sqm of underground car parking, will comprise:

- 190 beds, six operating theatres, six birthing suites, a cardiac/vascular catheter laboratory and two endoscopy theatres;
- medical consulting space; and
- 350 basement car parks, bringing the total on site to 430.

SJGHC will joint venture with the Fund on the \$120 million private hospital project, with SJGHC responsible for the hard fitout of \$32 million and the base building and carpark to be owned in joint venture with GHC. This will result in a circa \$45 million investment for the Fund.

Commercial terms have been agreed for SJGHC to lease the building for an initial 20 year term, with initial rent being set at 8.0% on cost and fixed annual rent reviews of 3.0%.

The project is subject to final town planning approval, completion of contract documentation, a building tender being within forecast and receiving debt finance on satisfactory terms and execution of final documents. Subject to these conditions, it is expected that construction will start later this calendar year.

Commenting on the commercial in-principle terms to proceed with Casey Stage 2, Mr Miles Wentworth said, "We are very pleased to announce this important project representing the second stage at Casey. Partnering with SJGHC, Australia's largest not-for-profit private hospital operator, on what will be a major private co-located health campus in Victoria's largest and fastest growing local government area is an exciting and value adding project for our investors."

SJGHC's Chief Executive Officer, Dr Michael Stanford said, "We are very excited to be partnering with health property specialist Generation Healthcare on this state of the art facility, using what is for us a new funding model for a major capital project. The collaboration allows SJGHC to increase and expand its outstanding health services to meet the changing needs of one of our fastest growing communities, while optimising our use of capital. The residents of Casey and Cardinia will have access to a new level of health care close to home, as we relocate the existing St John of God Berwick Hospital into a substantially larger purpose-built facility, which will offer many major services previously unavailable in the area, such as the first intensive care unit for the region, comprehensive cardiac services and a complete range of oncology care".

### **Existing Portfolio Initiatives**

#### ***Frankston Private Hospital***

The Frankston Private Hospital project announced in July 2014 has now been master planned with Healthscope Limited and stage 1 includes additional infrastructure to support its growth over the medium to longer term.

Accordingly, the total project size has increased from \$35 million to \$45 million, with GHC's share of the project increasing from \$17.5 million to \$29.25 million as a result of the increased project size and the Fund's take up of a further 15% interest in the project from an existing joint venture partner.



The Fund has a 20 year head lease under an Agreement for Lease with Healthscope Limited for the project, which will deliver a contracted 8.50% 'income return on cost', with annual rent reviews to the lower of two times CPI or 3.0%.

Subject to town planning, it is expected that this project will be underway prior to the end of the 2015 calendar year.

### **Acquisition of the Freehold interest of Victoria Parade**

Melbourne City Council has now issued a permit for the subdivision of Epworth Freemasons Private Hospital and Medical Centre at Victoria Parade, subject to customary conditions including works to enable the subdivision. Following the registration of the plan of subdivision, the Fund will complete its 2006 land contract to acquire the freehold title for this site for \$10.7 million (plus costs). Settlement is currently contracted to occur outside of the 2016 forecast period, however, this may occur earlier depending on the timing of works and agreement with Freemasons Victoria.

### **Equity Raising**

The acquisition of the RSL Care portfolio will be funded via a \$52.0 million equity raising at \$1.50 per new unit (Offer Price).

The Offer Price represents a 5% discount to the five day volume weighted average price up to and including 24 April 2015, adjusted for the 30 June 2015 distribution entitlement, forecast to be 4.38 cpu.

The equity raising comprises:

- a \$5.0 million placement (at the Offer Price) to a member of the Taverners Group<sup>3</sup> (**Placement**); and
- a \$47.0 million fully underwritten non-renounceable accelerated entitlement offer (**Entitlement Offer**) of 3 new units for 17 existing units.

Macquarie Capital (Australia) Limited (Macquarie) and Morgans Corporate Limited (Morgans) are the lead managers and underwriters for the Entitlement Offer.

The Entitlement Offer is non-renounceable and rights will not be traded on the ASX or otherwise transferable. Eligible unitholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

The 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". On commencement of trading on Wednesday 1 July 2015 (following the record date for the half yearly distribution), all units trading as GHCN will commence

<sup>3</sup> Entitlement as contracted as part of the acquisition of Spring Hill in June 2014

trading as ordinary GHC units and rank equally in all respects including future distributions.

### Guidance

Updated earnings and distribution guidance following the announced transactions is, subject to no unforeseen events<sup>4</sup>:

Underlying Net Operating Income per Unit

- 9.56cpu for FY15
- 9.90cpu, for FY16, a 3.5% increase on FY15

Distributions per Unit

- 8.58cpu for FY15
- 8.84cpu for FY16, a 3.0% increase on FY15, representing a tax advantaged FY16 issue yield of 5.9% on the \$1.50 issue price

Commenting further on the announcement, Mr Wentworth said, "The partnership with RSL Care including the sale and leaseback of seed assets is an exciting transaction for the Fund providing an immediate exposure and future potential pipeline to a subsector of healthcare property in which the Fund does not currently invest."

"In addition, our conditional commitment to Casey Stage 2 demonstrates further high quality organic growth within the GHC portfolio with one of Australia's market leading hospital operators."

"Fully equity funding the acquisition of the RSL Care assets, in conjunction with previous equity funded transactions, provides the balance sheet capacity to deliver the committed projects via additional debt funding which will be secured as and when required. Funding the projects via debt is forecast to deliver increased earnings from late 2017 onwards."

Mr Wentworth went on to say, "As with previous capital raisings, we are pleased to offer all current unitholders the opportunity to participate in the future growth of the Fund through an increase in their investment."

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<sup>4</sup> Please refer to the investor presentation for further information on pro forma financial information, key risks and assumptions.

## Timetable

Event	Date
Announcement of portfolio acquisition and equity raise	Tuesday, 28 April 2015
Lodgement of Retail Offer booklet	Wednesday, 29 April 2015
Trading in GHC Units resumes on ex-entitlement basis	Wednesday, 29 April 2015
Record date for determining entitlement for the Offer	7:00pm Friday, 1 May 2015
Retail Offer Booklet despatched	Tuesday, 5 May 2015
Retail Entitlement Offer opens	Tuesday, 5 May 2015
Early Retail Offer closes	5:00pm Friday, 8 May 2015
Settlement of Institutional Offer and early Retail Entitlement Offer	Friday, 8 May 2015
Allotment and commencement of trading of Institutional Entitlement Offer and early Retail Entitlement Offer units	Monday, 11 May 2015
Retail Entitlement Offer closes	5:00pm Friday, 22 May 2015
Announcement of Retail Entitlement Offer results	Tuesday, 26 May 2015
Settlement of Retail Entitlement Offer and Placement	Thursday, 28 May 2015
Allotment of Retail Entitlement Offer and Placement	Friday, 29 May 2015
Commence trading of Retail Entitlement Offer and Placement units (other than units issued on the early allotment date)	Monday, 1 June 2015
Despatch of holding statements	Monday, 1 June 2015

These dates are indicative and subject to change. All dates and times refer to Melbourne, Australia time.

## Unitholder Enquiries

Eligible unitholders will be sent further details in relation to the Entitlement Offer via a retail offer booklet expected to be lodged with the ASX by Wednesday, 29 April 2015 and distributed to unitholders.

Further information in relation to the Entitlement Offer and the matters set out above, including important notices and key risks, are set out in the attached Portfolio Acquisition and Equity Raise presentation.

The outcome of the Institutional Offer is expected to be announced to the market before commencement of normal trading on Wednesday 29 April 2015. Pending this announcement, GHC units have been placed in a trading halt. Trading in GHC units is expected to resume on Wednesday 29 April 2015.



In considering the information contained in this announcement, please also refer to the Important Information section below.

Yours sincerely

**John Freemantle**  
**Company Secretary**

For further information please contact

Miles Wentworth  
Chief Executive Officer  
Generation Healthcare REIT  
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Investor Relations  
T: +61 1800 996 456

### **Important Information**

#### *Forward-looking statements*

This announcement contains a number of forward looking statements including indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APN FM that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither APN FM, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which GHC operates.

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#### **About Generation Healthcare REIT**

**Generation Healthcare REIT (ASX code: GHC)**, is Australia's only ASX listed healthcare real estate investment entity.

Including the Acquisition Properties, the Fund will own 16 properties including hospitals, medical centres, laboratories, residential aged care facilities and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. On a pro-forma basis the Fund will have total assets of approximately \$387 million with investments located in Victoria, New South Wales and Queensland.

[generationreit.com.au](http://generationreit.com.au)

#### **About APN Funds Management Limited**

APN Funds Management Limited (APNFM) is the Responsible Entity of Generation Healthcare REIT. The Board of APNFM consists of four directors, three of which, including the Chairman are Independent Directors. APNFM is a wholly owned subsidiary of APN Property Group Limited (APN) (ASX code: APD), a specialist real estate investment manager.

Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutions, superannuation funds, high net worth and individual investors. APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

[apngroup.com.au](http://apngroup.com.au)





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

## PORTFOLIO ACQUISITION AND EQUITY RAISE

28 APRIL 2015



[generationreit.com.au](http://generationreit.com.au)

## IMPORTANT NOTICE ►

### Summary information

This presentation contains summary information about Generation Healthcare REIT (**GHC**), and is dated 28 April 2015. The information in this presentation is of general background information and does not purport to be complete or to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with GHC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are now available at [www.asx.com.au](http://www.asx.com.au).

### Not investment advice

This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire units in GHC (**Units**). This presentation is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) (Corporations Act) nor is it an offering document under any other law, and has not been lodged with the Australian Investments and Securities Commission (ASIC). The offer of Units to which this presentation relates complies with the requirements of section 1012DAA of the Corporations Act as modified by ASIC Class Order 08/35 and a cleansing notice complying with that section will be lodged with the ASX. The information provided in this presentation is not advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice. Cooling-off rights do not apply to an investment in any Units.

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The information in this presentation does not constitute an offer in any jurisdiction in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the entitlement offer, the entitlements or the Units, or otherwise permit the public offering of Units, in any jurisdiction other than Australia and New Zealand. Any non-compliance with these restrictions may contravene applicable securities laws in those other jurisdictions.

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The offer or sale of the Units referred to herein have not been registered under the Securities Act. This presentation may not be sent to any investors in the United States or to a U.S. Person (or to any person acting for the account or benefit of a U.S. Person). By accepting this presentation, you agree to be bound by the foregoing provisions.

## IMPORTANT NOTICE (CONTINUED) >

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Certain statements contained in this presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to risks and uncertainties. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation.

### Exclusion of liability

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The Underwriter Group, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding, and takes no responsibility for, any part of this document and makes no representation or warranty as to the currency, accuracy, reliability or completeness of information contained in this presentation.

## 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 >

GENERATION HEALTHCARE REIT

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## 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<sup>1</sup>
- > 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<sup>2</sup> 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

GENERATION HEALTHCARE REIT

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## 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<sup>1</sup> 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<sup>2</sup>

#### FY15

- UNOI<sup>3</sup> per unit: 9.56 cpu
- DPU: 8.58 cpu (**reaffirmed**)
- DPU to UNOI payout ratio: 89.7%

#### FY16

- UNOI<sup>3</sup> 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<sup>4</sup> and market capitalisation

#### Total assets

\$387m



\$341m

#### NTA per unit

\$1.13



\$1.08

#### Market cap<sup>4</sup>

\$343m



\$291m

#### 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 ➤

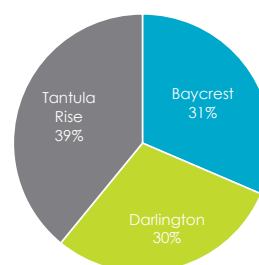
## ACQUISITION PORTFOLIO SUMMARY ➤

- 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
<b>Baycrest</b>	101	98%
<b>Darlington</b>	90	99%
<b>Tantula Rise</b>	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<sup>2</sup>



### 99 Doolong Road, Pialba QLD

Purchase price	\$14.4m
Number of places	101
Commencing rental	\$1.1m
Purchase yield <sup>1</sup>	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<sup>2</sup>
- 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 <sup>1</sup>	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

GENERATION HEALTHCARE REIT

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## 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<sup>2</sup>



**96 Tantula Road West, Alexandra Headland, QLD**

Purchase price	\$17.9m
Number of places	120
Commencing rental	\$1.4m
Purchase yield <sup>1</sup>	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

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## 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
<b>EBITDA</b>	<b>32</b>	<b>31</b>
Total Assets		930
Total Liabilities		714
<b>Net Assets</b>		<b>216</b>

## 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



Stage 3 Hospital Expansion capacity over time

Stage 2 scale private hospital

Casey Specialist Centre (Completed Feb 2015)



## EQUITY RAISE ➤

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## OFFER DETAILS ➤

- The acquisitions are to be funded by a \$5.0m placement to a member of the Taverners Group<sup>1</sup> and a \$47.0m non-renounceable<sup>2</sup> entitlement offer of 3 new units for every 17 existing units at an issue price of \$1.50
- Eligible Unitholders<sup>3</sup> 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) <sup>4</sup>	4.3%
Discount to last closing price <sup>4</sup> of \$1.64 on 24 April 2015	6.4%
Discount to 5-day VWAP <sup>4</sup> 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 cpa distribution payable for the period ended 30 June 2015

GENERATION HEALTHCARE REIT

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## 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 <sup>1</sup>
Placement	5.0
<b>TOTAL</b>	<b>52.0</b>

### Uses of funds

	\$m
Acquisition of properties	45.8
Acquisition costs	3.3 <sup>2</sup>
Other transaction costs	1.5 <sup>3</sup>
Working capital	1.4
<b>TOTAL</b>	<b>52.0</b>

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<sup>1</sup> >

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 may include increasing the size of the proposed building to accommodate operating theatres and inpatient beds, as well as a significant underground carpark

### Boulderstone Lease, ARCBS

- > The Boulderstone 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 <sup>2</sup>
Number of properties	13	16
Value of investment properties <sup>1</sup>	\$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

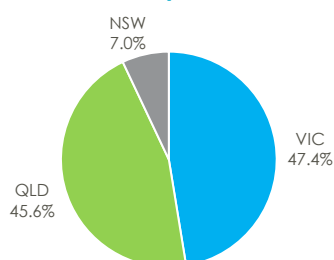
2. As at 31 December 2014 with the addition of acquired portfolio of aged care assets

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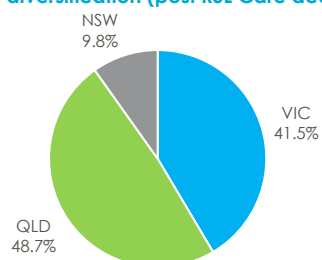
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## GHC PORTFOLIO OVERVIEW >

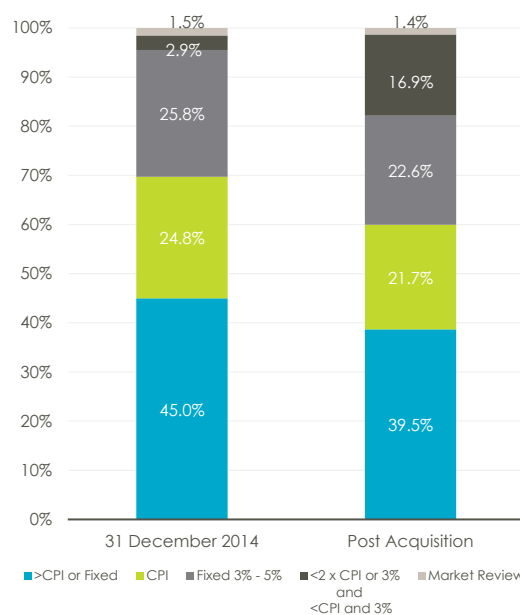
Geographic diversification (as at 31 December 2014)<sup>1</sup>



Geographic diversification (post RSL Care acquisitions)<sup>1,2</sup>



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

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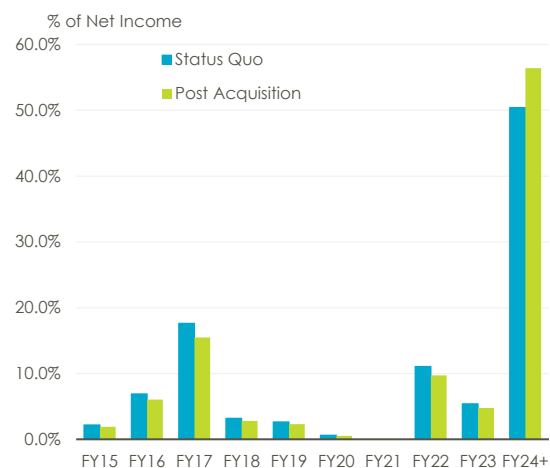
## LEASE EXPIRY & TENANCY PROFILE ➤

- Portfolio WALE increases from 11.6 years to 12.6<sup>1</sup> years
- Portfolio occupancy enhanced from 98.6% to 98.7%<sup>1</sup>

### GHC top 10 tenants (% income)

	Pre investment		Post acquisitions
1.	Epworth Foundation	21.7%	Epworth Foundation
2.	ARCBS	11.5%	RSL Care
3.	Healthscope Limited	9.2%	ARCBS
4.	Boulderstone Pty Ltd	7.4%	Healthscope Limited
5.	Pulse Health Pty Ltd	7.2%	Boulderstone Pty Ltd
6.	Secure Parking	5.4%	Pulse Health Pty Ltd
7.	Cura Day Hospitals	3.2%	Secure Parking
8.	QUT	3.1%	Cura Day Hospitals
9.	Sonic Healthcare	2.9%	QUT
10.	Virtus Health	2.6%	Sonic Healthcare
<b>TOTAL</b>		<b>74.3%</b>	<b>75.1%</b>

### 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 <sup>1</sup>	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 >

GENERATION HEALTHCARE REIT

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## 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<sup>1</sup> per unit guidance at 9.56 cpu and DPU guidance reaffirmed at 8.58 cpu
- FY16 UNOI<sup>1</sup> 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.

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## KEY RISKS & OTHER INFORMATION ►



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### 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](http://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.

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## KEY RISKS (CONTINUED) ➤

<b>Development risk</b>	<p>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:</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- breach of contract by building contractors</li> <li>- unforeseen circumstances which cause project delays or increases to building costs.</li> </ul> <p>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.</p>
<b>Acquisitions</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

## KEY RISKS (CONTINUED) ➤

<b>Insurance risk</b>	<p>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.</p> <p>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.</p>
<b>Personnel risk</b>	<p>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.</p>
<b>Building condition</b>	<p>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.</p>
<b>Investment risk</b>	<p>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:</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- the financial performance and condition of tenants,</li> <li>- the ability to attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy;</li> <li>- the location and quality of properties; and</li> <li>- operating, maintaining and refurbishment expenses, as well as unforeseen capital expenses</li> </ul> <p>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.</p>



## KEY RISKS (CONTINUED) ➤

<b>Joint Venture risk</b>	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.
<b>Geographical concentration risk</b>	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.
<b>Forward looking statements</b>	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.
<b>Distribution guidance</b>	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.
<b>Economic and market conditions</b>	<p>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.</p> <p>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.</p>

## KEY RISKS (CONTINUED) ➤

<b>Interest rate risk</b>	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.
<b>Banking covenants</b>	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.
<b>Litigation</b>	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.
<b>Changes in applicable law and regulations</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Realisation of assets</b>	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.
<b>Acquisitions and divestment</b>	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.
<b>Taxation implications</b>	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 >



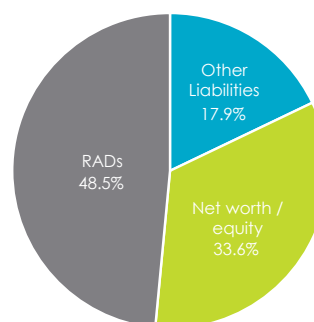
GENERATION HEALTHCARE REIT

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## RESIDENTIAL AGED CARE MARKET SNAPSHOT >

- > \$30.9 billion industry size by total assets<sup>1</sup>
- > \$13 billion annual revenues<sup>1</sup>
- > Comprises approximately 185,000 beds<sup>1</sup> expected to increase to 260,000 beds by 2022 to meet required demand<sup>1</sup>
  - 66,172 beds currently subject to Refundable Accommodation Deposits (RADs) / Daily Accommodation Payments (DAPs)<sup>1</sup>
  - More than double the size of the hospital sector which has ~87,000 beds<sup>2</sup>
- > 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<sup>1</sup>
- > Highly fragmented market with 2,720 facilities operated by a range of private, not for profit and government entities<sup>1</sup>

Residential care industry funding source<sup>1</sup>



Total assets \$30.9 billion<sup>1</sup>

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

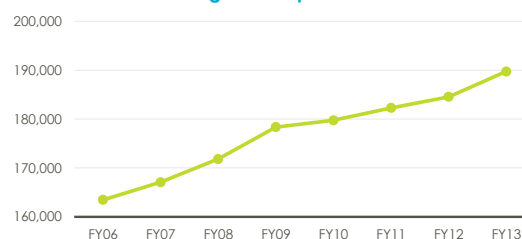
GENERATION HEALTHCARE REIT

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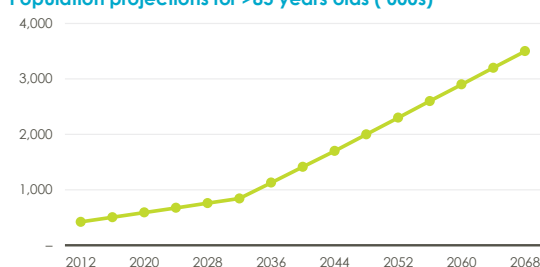
## RESIDENTIAL AGED CARE MARKET DYNAMICS ➤

- 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)<sup>1</sup>



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<sup>1</sup> ➤

- 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 <sup>1</sup>	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 m <sup>2</sup>	9,173 m <sup>2</sup>	3,916 m <sup>2</sup>	5,021 m <sup>2</sup>	6,897 m <sup>2</sup>
NLA	8,584 m <sup>2</sup>	13,990 m <sup>2</sup>	4,528 m <sup>2</sup>	4,413 m <sup>2</sup>	20,250 m <sup>2</sup>
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

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## 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 m <sup>2</sup>	2,034 m <sup>2</sup>	5,305 m <sup>2</sup>	5,771 m <sup>2</sup>
NLA	7,955 m <sup>2</sup>	2,378 m <sup>2</sup>	2,702 m <sup>2</sup>	8,296 m <sup>2</sup>
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%

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## GHC PORTFOLIO – 31 DECEMBER 2014 (CONTINUED) ►

	CASEY SPECIALIST CENTRE <sup>1</sup>	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 <sup>1</sup>	NA	1.42 years	9.9 years	NA
Site area	Stage 1 – 4,700 m <sup>2</sup>	Circa 7,500 m <sup>2</sup> for stages 2 & 3	2,775 m <sup>2</sup>	2,021 m <sup>2</sup>	2,696 m <sup>2</sup>
NLA	Stage 1 – 3,500 m <sup>2</sup>	NA	885 m <sup>2</sup>	600 m <sup>2</sup>	13,497 m <sup>2</sup>
Occupancy	NA <sup>1</sup>	NA	100%	100%	NA
Rental reviews	NA <sup>1</sup>	NA	Nil	Lower of 2x CPI or 3%	NA

1. Casey Specialist Centre was under construction at 31 December 2014

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## CONTACT ►



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Baycrest, Pialba, Queensland

# IMPORTANT INFORMATION ►

## General

This Retail Entitlement Offer Booklet is issued by APN Funds Management Limited ACN 080 674 479 AFSL No. 237500 as responsible entity of Generation Healthcare REIT (ARSN 118 712 584). This Retail Entitlement Offer Booklet will be lodged with ASX on or around Wednesday 29 April 2015. ASX takes no responsibility for the content of this Retail Entitlement Offer Booklet.

You should read the information in this Retail Entitlement Offer Booklet carefully and in its entirety before deciding whether to invest in New Units. In particular, you should consider the risk factors outlined in the Portfolio Acquisition and Equity Raising Presentation released to the ASX on 28 April 2015 that could affect the operating and financial performance of GHC or the value of an investment in GHC. You should also have regard to other publicly available information about GHC, including ASX announcements, which can be found at GHC's website: [www.generationreit.com.au](http://www.generationreit.com.au).

This Retail Entitlement Offer Booklet is not a product disclosure statement for the purposes of the Corporations Act and has not been lodged with ASIC. Accordingly, it does not contain all the information that would be required to be included in a product disclosure statement.

The Responsible Entity has applied for the grant by ASX of official quotation of the New Units. If the ASX does not grant quotation for the New Units, the Responsible Entity will not allot any New Units and all application money will be refunded without interest.

This Retail Entitlement Offer Booklet contains a number of forward looking statements including indications of, and guidance on, future earnings and financial position and performance. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Responsible Entity that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Responsible Entity, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Retail Entitlement Offer Booklet contains such statements that are subject to risk factors associated with the industries in which GHC operates. Please

refer to the Key Risks section in the enclosed Portfolio Acquisition and Equity Raise Presentation for further information regarding these risk factors.

## Eligible Unitholders

This Retail Entitlement Offer Booklet contains an offer of New Units to Eligible Unitholders.

Eligible Unitholders are holders of Units who:

- are registered as a holder as at the Record Date;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not a U.S. Person (as defined in Regulation S under the United States Securities Act of 1993, as amended) or acting for the account or benefit of a U.S. Person;
- are not ineligible under any applicable securities laws in any jurisdiction other than Australia or New Zealand to receive an offer under the Retail Entitlement Offer; and
- did not participate in the Institutional Entitlement Offer.

For the purposes of determining Eligible Unitholders' Entitlement, the Responsible Entity may ignore changes in holdings which occur after the implementation of the trading halt, other than registration of transactions which were effected through ASX before the trading halt.

If you are a Unitholder who does not satisfy each of the criteria listed above, you are not an Eligible Unitholder.

By returning a completed Entitlement and Acceptance Form you will be taken to have represented and warranted that you satisfy each of the criteria listed above.

To the extent that you are a nominee, trustee or custodian for a beneficial owner who is in the United States or who is a US Person, you are not entitled to apply for New Units under the Retail Entitlement Offer. Where you are acting as a nominee, trustee or custodian for a beneficial owner in a jurisdiction outside of Australia and New Zealand, other than the United States, you are advised to seek independent advice as to how to proceed.

The Responsible Entity has decided that it is unreasonable to extend the Retail Entitlement Offer to Unitholders who do not have registered addresses in Australia or New Zealand due to:

- the limited number of Unitholders outside Australia and New Zealand;
- the number and value of New Units that would be offered to Unitholders outside of Australia and New Zealand; and

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- the cost of complying with the legal and regulatory requirements, in their respective overseas jurisdictions.

As the Retail Entitlement Offer is non-renounceable, Ineligible Unitholders' right to subscribe for New Units that would otherwise have been offered to them will lapse and Ineligible Unitholders will not receive any value for their Entitlement.

## Rounding of New Units

Where fractions arise in the calculation of Entitlements, they will be rounded to the nearest whole number of New Units.

## No Financial Product or Investment Advice

The information in this Retail Entitlement Offer Booklet does not constitute financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs (including financial and tax issues) as an investor.

## No Cooling Off Rights

Cooling off rights do not apply to an investment in New Units. You cannot withdraw your application once it has been accepted.

## Risks

The 'Key Risks' section of the Portfolio Acquisition and Equity Raising Presentation, included in this Retail Entitlement Offer Booklet, details important factors and risks that could affect the financial and operating performance of GHC.

Before deciding whether to apply for New Units you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

## Underwriting

The Responsible Entity has entered into an underwriting agreement (**Underwriting Agreement**) with Macquarie Capital (Australia) Limited and Morgans Corporate Limited as joint underwriters who have agreed to fully underwrite the Entitlement Offer on the conditions set out in the Underwriting Agreement.

The Underwriting Agreement contains rights, obligations, representations and warranties, indemnities and termination events which are customary for underwriting arrangements of this type. In particular, the Underwriting Agreement provides that:

- the Underwriters will be entitled to fees for underwriting the Entitlement Offer and reimbursement for any incidental expenses. The Underwriter's fees for underwriting the Entitlement Offer will be 2.5%;
- the Responsible Entity makes a number of customary representations and warranties to the Underwriters including, but not limited to, warranties relating to the accuracy of the offer documentation, compliance with laws and constituent documents, accuracy of information and the solvency of the Responsible Entity and GHC;
- the Responsible Entity makes a number of customary undertakings to the Underwriters including, but not limited to, those concerning compliance with laws, the ASX listing rules and the offer documents, lodging ASX disclosures and not making further issues within 180 days after completion except where the conditions under the Underwriting Agreement have been satisfied;
- the Responsible Entity indemnifies and holds harmless the Underwriters and their associates for any losses, liabilities, claims, damages incurred by the Underwriters in discharging their obligations under the Underwriting Agreement except where losses are caused by the Underwriters or their associates; and
- the Underwriters may terminate the Underwriting Agreement for a number of reasons, including but not limited to:
  - where there is a significant fall in the S&P/ASX 300 Index or S&P/ASX 300 A-REIT Index or other specified overseas markets during the offer period;
  - where offer documents are found to be defective or become defective;
  - where there is a material adverse change in conditions;
  - where relevant approvals are not granted by the ASX or where ASIC issues orders prohibiting the offer; and
  - where the Responsible Entity or GHC becomes insolvent.

Please note that this is not an exhaustive summary of the Underwriting Agreement.



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## Control implications

The Entitlement Offer is a pro-rata issue and if all of GHC's Eligible Unitholders take up their Entitlements, the Entitlement Offer will have no effect on control as all unitholders would continue to hold the same percentage interest in GHC. To the extent that unitholders fail to take up their Entitlement or only take up part of their Entitlement under the Entitlement Offer, the percentage holdings of those unitholders in GHC will be diluted relative to those who choose to take up their full Entitlement. The Underwriters will either place the shortfall which is not allocated to sub-underwriters or take up the shortfall themselves.

Under the Little Edward Street Contract of Sale dated May 2014, the Vendor (or its related body corporate or another member of the Taverners Group) has the right to sub-underwrite up to 10% of the Entitlement Offer on terms which would be usual between an issuer and a sub-underwriter for an equity raising of this nature.

The potential effect that the issue of New Units will have on the control of the Fund and the consequences of that effect, will depend on a number of factors including investor demand under the Retail Entitlement Offer, the amount of any shortfall under the Retail Entitlement Offer and the extent the Vendor exercises its right to sub-underwrite the Entitlement Offer. The Responsible Entity does not, however, expect the Entitlement Offer to have any control implications for the Fund.

## Taxation

Set out below is a general summary of the potential Australian tax implications of the Retail Entitlement Offer for Eligible Unitholders who are resident individuals, complying superannuation entities, trusts and companies of Australia for tax purposes and who hold their Units on capital account.

The summary below does not deal with the tax implications for Eligible Unitholders who are not residents of Australia for tax purposes. It also does not deal with the tax implications for Eligible Unitholders who:

- hold their Units (or will hold their Entitlements) as revenue assets or trading stock;
- are banks, insurance companies, partnerships or other taxpayers carrying on a business of trading in securities;
- have acquired their Units for the purpose of resale at a profit; or
- change their tax residency while holding their Units.

The following commentary is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Unitholder.

The summary below is not advice and should not be relied on as such. It also does not take account of any individual circumstances of any particular Eligible Unitholder. Taxation is a complex area of law and the taxation consequences for each Eligible Unitholder may differ depending on their own particular circumstances.

Accordingly, Eligible Unitholders should seek specific professional advice particular to their own applicable circumstances.

The summary below is based on the law in effect as at the date of this Retail Entitlement Offer Booklet. Future changes in Australian taxation law, including changes in interpretation of application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Units or the holding and disposal of Units.

### *Issue of Entitlements*

The issue of the Entitlements should not in itself result in any amount being included in the assessable income of an Eligible Unitholder.

### *Entitlements not taken up*

Any Entitlements not taken up under the Retail Entitlement Offer will lapse and the Eligible Unitholder will not receive any consideration as a result of the expiration of the Entitlement. On this basis, there should not be any income tax implications for an Eligible Unitholder.

### *Sale of Entitlement*

There is no opportunity for Eligible Unitholders to sell their Entitlements.

### *Exercise of Entitlements*

For Eligible Unitholders who exercise their Entitlements and are allocated New Units:

- the Entitlements will cease to exist and a capital gains tax ('CGT') event will occur, but any capital gain or loss made on the exercise of the Entitlement should be disregarded for tax purposes;
- the New Units acquired as a result of exercising the Entitlements will be treated for CGT purposes as having been acquired on the day on which the Entitlements are exercised;
- the New Units will have a cost base for CGT purposes equal to the sum of the exercise price for the New Units plus any incidental costs incurred in relation to the acquiring the Entitlements or the New Units.

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## *New Units*

Eligible Unitholders who exercise their Entitlements will acquire New Units. Any future distributions made in respect of those New Units will be subject to the same taxation treatment as other distributions made on original units that gave rise to the Entitlements.

On any future disposal of New Units, Eligible Unitholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of those units.

## *CGT Discount*

Any capital gain arising to Eligible Unitholders who are individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by one-half (after first offsetting available current year or carried forward net capital losses from previous years) if the New Units are held for at least 12 months prior to disposal. For Eligible Unitholders which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting available current year or carried forward net capital losses from previous years) if the New Units are held for at least 12 months prior to the date of disposal. No CGT discount is available to Eligible Unitholders that are companies.

As noted previously, New Units will be treated for the purposes of the CGT discount as having been acquired when the Eligible Unitholder exercised the Entitlement to subscribe for them.

## *Taxation of Financial Arrangements (TOFA)*

Australian income tax law includes specific TOFA rules. In summary, the TOFA rules can operate to make assessable (as ordinary income) or deductible, gains or losses arising from certain 'financial arrangements'.

As the application of the TOFA rules is dependent on the particular facts and circumstances of the taxpayer, Eligible Unitholders should obtain their own advice in relation to the potential applicability of the TOFA rules, in light of their own individual facts and circumstances.

## *Other Australian taxes*

No GST is payable and no stamp duty should be payable in respect to the grant or exercise of the Entitlements or the acquisition of New Units. However, Eligible Unitholders who acquire New Units should obtain their own advice in relation to the GST or stamp duty consequences, in light of their own individual facts and circumstances.

## *Other issues*

Unitholders would have been invited to provide the Fund their tax file number (**TFN**) or Australian Business Number (**ABN**) when they first acquired their Units. If no TFN or ABN has been quoted, tax will be deducted from gross distributions in respect to New Units at the highest marginal tax rate.

## **Information Availability**

Eligible Unitholders in Australia and New Zealand can obtain a copy of the information in this Retail Entitlement Offer Booklet during the period of the Retail Entitlement Offer via the GHC website [www.generationreit.com.au](http://www.generationreit.com.au) or by calling the GHC Offer Information Line.

Persons who access an electronic version of this Retail Entitlement Offer Booklet should ensure that they download and read the entire Retail Entitlement Offer Booklet.

An Entitlement and Acceptance Form can be requested by calling the GHC Offer Information Line on 1800 677 648 or +61 1800 677 648 (Outside Australia) at any time from 8.30 am to 5.30 pm (AEST) Monday to Friday.

No party other than GHC has authorised or caused the issue of the information in this Retail Entitlement Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this Retail Entitlement Offer Booklet.

## **Future Performance**

Neither the Responsible Entity nor any other person warrants or guarantees the future performance of the New Units or any return on any investment made pursuant to the Retail Entitlement Offer.

All forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Forward looking statements, opinions and estimates provided in the information in this Retail Entitlement Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

## **Past Performance**

Investors should note that the past performance of GHC Units provides no guidance as to future price performance.



# IMPORTANT INFORMATION ►

## Governing Law

This Retail Entitlement Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia.

Each applicant for New Units submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

### Foreign Jurisdictions

This information has been prepared to comply with the requirements of the securities laws of Australia.

The New Units being offered under the information in this Retail Entitlement Offer Booklet are also being offered to Eligible Unitholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The New Units are not being offered or sold to the public within New Zealand other than to existing Unitholders of GHC. The information in this Retail Entitlement Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The information in this Retail Entitlement Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer or the New Units, or otherwise permit the public offering of the New Units, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Entitlement Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of the information in this Retail Entitlement Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may constitute a violation of applicable securities laws.

The New Units have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state or other jurisdiction of the United States. The New Units to be issued under the Retail Entitlement Offer may be offered and sold solely outside the United States to persons that are not U.S. Persons and are not acting for the account or the benefit of U.S. Persons in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act. No party has offered or sold and no party will offer or sell, directly or indirectly, any New Units in the United States or to, or for account or benefit of, U.S. Persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities law.

## Declarations

If you make an application for New Units under the Retail Entitlement Offer, you will be taken to make the declarations to the Responsible Entity that you:

- agree to be bound by the terms of the Retail Entitlement Offer;
- authorise the Responsible Entity to register you as the holder of the New Units allotted to you.
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that, if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Responsible Entity receives the Entitlement and Acceptance Form or any payment of application monies, you may not withdraw it;
- agree to apply for and be issued the number of New Units specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies, at the issue price of \$1.50 per New Unit
- authorise the Responsible Entity and the Registry and their respective officers or agents, to do anything on your behalf necessary for New Units to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Units and are an Australian or New Zealand resident with a registered address in Australia or New Zealand;
- acknowledge that the information contained in this Retail Entitlement Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Units are suitable for you given your investment objectives, financial situation or particular needs, and is not a product disclosure statement, does not contain all of the information that you may require in order to assess an investment in GHC and is given in the context of GHC's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any other place does not prohibit you from being given this Retail Entitlement Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Units;

## IMPORTANT INFORMATION ►

- acknowledge the statement of risks in the 'Key Risks' section of the Portfolio Acquisition and Equity Raise Presentation, and that investments in GHC are subject to investment risk;
- acknowledge that neither GHC nor any of the directors, officers, employees, agents, consultants or advisors of GHC (either as responsible entity of GHC or in its own capacity) guarantees the performance of GHC nor do they guarantee the repayment of capital from GHC;
- represent and warrant (for the benefit of GHC and its affiliates) that you are not in the United States and that you are not, and you are not acting for the account or benefit of, a U.S. Person;
- acknowledge that New Units have not, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, Entitlements may not be taken up, and New Units may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any U.S. Person except in accordance with an available exemption form, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law;
- agree not to send this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Retail Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person; and agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Units on the Record Date.



Baycrest, Pialba, Queensland

## KEY TERMS

Collaboration Agreement	The agreement between RSL Care and GHC dated on or around 28 April 2015 under which the parties will source and secure additional aged care assets.
DPU	Distribution Per Unit.
Early Close Date	Friday 8 May 2015.
Eligible Unitholders	Unitholders who are eligible to participate in the Entitlement Offer see page 48 for further details on Eligible Unitholders.
Entitlement	An Eligible Unitholder's entitlement to purchase 3 New Units for every 17 existing GHC Units held as at the Record Date pursuant to the Retail Entitlement Offer.
Entitlement and Acceptance Form	A personalised acceptance form accompanying this Retail Entitlement Offer Booklet which Eligible Unitholders may use to apply for New Units.
Entitlement Offer	The offer of non-renounceable rights to acquire New Units under this Retail Entitlement Offer Booklet and under the Institutional Entitlement Offer.
Final Close Date	Friday 22 May 2015
FY2015	The financial year ending 30 June 2015.
FY2016	The financial year ending 30 June 2016.
GHC or Fund	Generation Healthcare REIT ARSN 118 712 584.
Institutional Entitlement Offer	The offer of non-renounceable rights to acquire New Units offered to institutional and sophisticated unitholders as at the Record Date.
Little Edward Street Contract of Sale	The contract of sale dated 21 May 2014 between the Vendor and GHC in respect of the property located at 55 Little Edward Street, Brisbane.
New Units	The number of GHC Units an Eligible Unitholder is entitled to subscribe for under the Entitlement Offer calculated on the basis of your holding of GHC Units at 7.00 pm AEST on the Record Date. <sup>5</sup>
Record Date	7.00pm Friday 1 May 2015.
Responsible Entity	APN Funds Management Limited as the responsible entity of GHC.
Retail Entitlement Offer	The offer of non-renounceable rights to acquire New Units under this Retail Entitlement Offer Booklet.
RSL Care	RSL Care Limited ACN 010 488 454 as trustee for RSL (Qld) War Veterans' Homes Trust.
Taverners Group	Taverners Group Pty Ltd ACN 125 096 835 and any of its subsidiaries from time to time.
Underwriters	The underwriters for the Entitlement Offer being Macquarie Capital (Australia) Limited and Morgans Corporate Limited.
Underwriting Agreement	The underwriting agreement entered into between the Responsible Entity and the Underwriters in respect of underwriting the Entitlement Offer.
Unit	A unit in the Fund.
Vendor	Stourton Properties Pty Limited ACN 096 949 772 as trustee under instrument 708528029.

<sup>5</sup> For the purposes of determining Eligible Unitholders' Entitlement, the Responsible Entity may ignore changes in holdings which occur after the implementation of the trading halt, other than registration of transactions which were effected through ASX before the trading halt.



Darlington, Banora Point, New South Wales











**Responsible Entity**

APN Funds Management Limited  
ABN 60 080 674 479 AFSL No 237500

Level 30, 101 Collins Street  
Melbourne Victoria 3000 Australia

**T** +61 (0) 3 8656 1059

**F** +61 (0) 3 8656 1010

**W** [generationreit.com.au](http://generationreit.com.au)

**E** [investor@generationreit.com.au](mailto:investor@generationreit.com.au)





# GENERATION HEALTHCARE REIT

ARSN 118 712 584

Responsible Entity:

**APN Funds Management Limited**

ACN 080 674 479 AFSL 237500

All Registry communications to:

Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235 Australia

Telephone (free call within Australia): 1800 677 648

From outside Australia: +61 1800 677 648

ASX Code: GHC

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

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Units held as  
at the Record Date, 7:00pm (AEST)  
on 1 May 2015:**

**Entitlement to New Units  
(on a 3 New Unit for 17 basis):**

**Amount payable on full acceptance  
at A\$1.50 per Unit:**

**Offer Closes**

**5:00pm (AEST):**

**22 May 2015**

## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Unitholder you are entitled to acquire 3 New Unit for every 17 Existing Units that you hold on the Record Date, at an issue price of A\$1.50 per New Unit. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

New Units applied for before the Early Close Date will allot on 11 May 2015, if payment is made by Bpay and received by 5:00pm (AEST) on 8 May 2015. If payment is received after this time, but before 5:00pm (AEST) on 22 May 2015, New Units will allot on 29 May 2015.

**IMPORTANT:** The Offer is being made under the Retail Entitlement Offer Booklet dated 28 April 2015. The Retail Entitlement Offer Booklet contains information about investing in the New Units. Before applying for New Units, you should carefully read the Retail Entitlement Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Entitlement Offer Booklet. Capitalised terms have the same meaning as in the Retail Entitlement Offer Booklet.

If you do not have a paper copy of the Retail Entitlement Offer Booklet, you can obtain a paper copy at no charge, by calling the Generation Healthcare REIT Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (from outside Australia).

### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 22 May 2015. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Entitlement and Acceptance Form for the number of Units subject of your application payment.

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 22 May 2015.



Billers Code: 584995

Ref:

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE UNITHOLDER AND HOLDING RECORDED ABOVE.**



GENERATION  
HEALTHCARE REIT

ARSN 118 712 584

*Please detach and enclose with payment*

**SRN/HIN:**

**Entitlement Number:**



**A** Number of New Units accepted (being not more than your Entitlement shown above)

**B** Payment amount  
(Multiply the number in section A by A\$1.50)

**A\$**

**C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “**Generation Healthcare REIT**” and crossed “**Not Negotiable**”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

**D CONTACT DETAILS – Telephone number**

Telephone number – after hours

Contact name

# GENERATION HEALTHCARE REIT

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Retail Entitlement Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Units in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Retail Entitlement Offer Booklet and that you acknowledge the matters, and make the declarations as set out in the Offer Booklet;
- you provide authorisation to be registered as the holder of New Units acquired by you and agree to be bound by the Constitution of Generation Healthcare REIT.

## HOW TO APPLY FOR NEW UNITS

### 1. IF PAYING BY BPAY® (AVAILABLE TO UNITHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Units you wish to apply for by A\$1.50.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Units that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Units

Enter into section A the number of New Units you wish to apply for. The number of New Units must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$1.50.

#### C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Generation Healthcare REIT" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Generation Healthcare REIT may treat you as applying for as many New Units as your cheque, bank draft or money order will pay for.

#### D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Units, if necessary.

**Personal Information Collection Notification Statement:** Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

## 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Retail Entitlement Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Units may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Generation Healthcare REIT  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### Hand Delivery

Generation Healthcare REIT  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your acceptance slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 22 May 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Generation Healthcare REIT reserves the right not to process any acceptance slips and cheques received after the Final Close Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Generation Healthcare REIT Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.**



## ASX Announcement

**Responsible Entity**  
APN Funds Management Limited  
ABN 60 080 674 479 AFSL No 237500  
Level 30, 101 Collins Street  
Melbourne Victoria 3000 Australia  
**T** +61 (0) 3 8656 1059  
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**W** [generationreit.com.au](http://generationreit.com.au)  
**E** [investor@generationreit.com.au](mailto:investor@generationreit.com.au)

29 April 2015

<Contact Name>  
<Company>  
<Address 1>  
<Address 2>  
<Suburb> <State> <Postcode>  
<Country>

### Generation Healthcare REIT (ASX Code: GHC) Accelerated Non-Renounceable Entitlement Offer Notice to Ineligible Unitholders

Dear Unitholder

On 28 April 2015, Generation Healthcare REIT (**GHC**) announced an underwritten accelerated non-renounceable entitlement offer (the **Entitlement Offer**) that will raise additional equity of approximately \$47.0 million to fully equity fund the acquisition of a portfolio of three aged care from RSL Care.

Unitholders in GHC who are eligible to participate in the Entitlement Offer are being offered 3 fully paid new units in GHC (**New Unit**) for 17 fully paid units held at 7.00 pm on 1 May 2015 at an issue price of \$1.50 per New Unit.

The Entitlement Offer is being implemented under section 1012DAA of the Corporations Act 2001 (Cth) (**Corporations Act**), as modified by ASIC Class Order 08/35.

This Entitlement Offer will be made to those unitholders of GHC with registered addresses in Australia and New Zealand only (**Eligible Unitholders**). Documents for the Entitlement Offer were lodged with the ASX on 29 April 2015 and will be mailed to Eligible Unitholders.

APN Funds Management Limited, the responsible entity of GHC, has decided that it is unreasonable to make the offer to unitholders with registered addresses outside of Australia and New Zealand due to the small number of such unitholders, and the cost of complying with regulatory requirements in jurisdictions outside of Australia and New Zealand.

You are not entitled to participate in the Entitlement Offer and subscribe for New Units as you are an ineligible Unitholder.

This letter is to inform you about the Entitlement Offer. It is not an offer to issue New Units to you, nor an invitation for you to apply for New Units.

You are not required to do anything in response to this letter.





If you require further information, please contact your financial adviser or broker, call the Generation Healthcare REIT Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) or visit our website at [www.generationreit.com.au](http://www.generationreit.com.au).

Yours sincerely

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