

1 June 2016

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

Revised Distribution Reinvestment Plan Rules

APN Funds Management Limited, the responsible entity of Generation Healthcare REIT (GHC or the Fund) has completed a review of the rules of the GHC Distribution Reinvestment Plan (DRP) and undertaken minor revisions to better reflect current industry practices. These can be summarised as follows:

- Price Setting period has been reduced from 14 trading days to 10 trading days;
- Replacement of rounding up of entitlement to rounding down with carry forward balance, if any, applied to next DRP;
- If investor opts out of Plan (for any reason), any carry over balance held in name of that investor gets donated to charity; and
- Amendments to better articulate Registry processes for administering DRP.

There is no requirement for DRP participants to do anything as a result of these revisions. No changes have been made to existing participation elections.

A copy of the revised DRP rules is appended.

Yours sincerely



John Freemantle
Company Secretary

For further information, please contact:

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.

The Fund owns 17 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. The Fund has total assets of approximately \$439 million with investments located in Victoria, New South Wales and Queensland.

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.

GENERATION HEALTHCARE REIT

DISTRIBUTION REINVESTMENT PLAN ►



Benefits of participating in the Distribution Reinvestment Plan (DRP) include:

- Participating unitholders may reinvest distributions to acquire units without paying brokerage, commission or other transaction costs that would otherwise be associated with an investment in further units.
- Participating unitholders may receive a discount on units acquired under the DRP (if and to the extent determined by the Responsible Entity in relation to each distribution to which the DRP applies).

GENERATION HEALTHCARE REIT DISTRIBUTION REINVESTMENT PLAN ►

Set out within are frequently asked questions in relation to how the DRP operates. These questions and answers constitute the terms and conditions of the DRP.

A DRP provides unitholders with the option of automatically reinvesting part or all of their distributions as additional units in the Fund.

1 HOW DO I PARTICIPATE IN THE DRP?

If you wish to participate in the DRP you are required to either:

- complete the DRP Instruction Form and forward it to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

- or, if your holding has a market value of less than \$50,000, you can complete the DRP Instruction Form electronically by logging into your holding on the Link Market Services Investor Centre website: www.linkmarketservices.com.au

DRP Instruction Forms are available:

- on the Fund's website: <http://www.generationreit.com.au/>
- by logging into your holding on the Link Market Services Investor Centre website: www.linkmarketservices.com.au
- by telephoning the Registry on +61 1300 554 474.

Separate DRP Instruction Forms are required for each registered holding.

2 WHEN CAN I PARTICIPATE?

While the DRP is open, you can participate in it at any time. The DRP Instruction Form, or relevant election notice, must be received by Link Market Services Limited (the Registry) no later than 5.00 pm Australian Eastern Time on the Business Day after each half year distribution period's record date in order to participate in the DRP for that distribution. The Record Date for each distribution payable by the Responsible Entity will be announced to the ASX in advance.

3 HOW LONG DOES PARTICIPATION IN THE DRP LAST?

Participation in the DRP will automatically continue until you either notify the Registry that you no longer wish to participate by submitting a DRP Instruction Form, or the DRP is suspended or withdrawn by the Responsible Entity.

If the DRP is suspended, an election as to your participation in the DRP will also be suspended and all units are taken not to be DRP units for the purpose of any distribution paid while the DRP is suspended. Upon reinstatement of the DRP, all of your prior elections are reinstated unless a DRP Instruction Form or relevant election notice is validly submitted by the unitholder by 5.00 pm Australian Eastern Time on the Business Day after the next Record Date for the next distribution which follows the reinstatement of the DRP.

Your right to participate in the DRP is not transferrable.

4 CAN I REINVEST ONLY PART OF MY DISTRIBUTION IN THE DRP?

Yes. You can reinvest all or part of your distribution. If you choose to reinvest all of your distribution, the DRP will apply to all amounts distributed by the Responsible Entity on all of the units registered in your name, including any further units issued or transferred to you under the DRP. If you choose to reinvest only part of your distribution, you can specify the number of units you wish to be subject to the DRP on the DRP Instruction Form.

If you elect partial participation in the DRP and specify the number of units, your level of participation is fixed and any new units you may acquire in the future (either through the DRP or by buying on market) will not participate in the DRP. If you sell some of your units in the future, such that your total holding becomes less than the number of units you have specified to participate in the DRP, your participation level will automatically be reduced down to the total number of units you hold as at the relevant Record Date.

You can increase or decrease the number of units you wish to nominate in the DRP at any time (refer to question 13 for details).

If a DRP Instruction Form fails to specify a level of participation, it will be deemed to be an application for full participation in the DRP.

5 CAN ALL UNITHOLDERS PARTICIPATE IN THE DRP?

The DRP is open to all unitholders resident in Australia and New Zealand. Non-resident unitholders may not be eligible to participate in the DRP, due to the differing securities laws of some countries. Before electing to participate in the DRP, unitholders who are not residents of Australia or New Zealand should ascertain whether any restrictions apply. The Responsible Entity may then make a determination (at its sole discretion) as to whether a non-resident unitholder will be eligible to participate in the DRP.

The Responsible Entity may, in its absolute discretion, accept or refuse a DRP Instruction Form without giving reasons for its decision. The Responsible Entity may also determine that a unitholder's DRP Instruction Form is valid even if the DRP Instruction Form is incomplete, contains errors or is otherwise defective. By submitting a DRP Instruction Form, each unitholder is taken to have authorised the Responsible Entity (and its delegates or agents) to correct any error in, or omission from, the unitholder's DRP Instruction Form.

Joint unitholders must sign a single DRP Instruction Form. If one, or more, of the joint unitholders is not eligible to participate in the DRP, none of the joint unitholders can apply to participate in the DRP with respect to any of the jointly held units.

6 WHAT ARE THE COSTS INVOLVED IN PARTICIPATING IN THE DRP?

There is no cost associated with participating in the DRP. Unitholders who wish to participate in the DRP do not have to pay brokerage, commission or any other transaction costs on the units issued or transferred to them under the DRP. This allows unitholders to add to their investment in the Fund in a convenient and cost-effective manner.

7 HOW IS THE ACQUISITION PRICE OF THE DRP UNITS DETERMINED?

The price at which the units will be issued or transferred under the DRP will be the arithmetic average of the daily volume weighted average market price (rounded to the nearest four decimal places) of all units traded in the ordinary course on the ASX for a period of 10 trading days, less a discount (if any) as determined by the Responsible Entity in its absolute discretion. The final acquisition price (after applying the discount, if any) will be rounded to four decimal places.

Unless the Responsible Entity determines otherwise, the 10 trading day period will commence on the second Business Day after the relevant distribution Record Date. The price is recalculated each half year.

8 HOW MANY UNITS WILL I RECEIVE?

The number of units you will receive is calculated as the amount of the distribution you are entitled to receive, divided by the price of the DRP units, rounded down to the nearest whole number of units. The balance of your distribution entitlement (if any) will be retained on your behalf in a separate plan account maintained by the Responsible Entity (or the Registry on the Responsible Entity's behalf) and carried forward to the next distribution.

Further information about what will happen to any residual amount in your plan account at the point in time when you cease to be a unitholder is contained under question 13.

9 WHEN WILL I RECEIVE MY DRP UNITS?

Units to be allocated to participating unitholders under the DRP will be issued or transferred within the time required by the Constitution of the Fund, the ASX Listing Rules and the Registry.

As distributions for the Fund are paid half yearly, unitholders electing to take part in the DRP will receive their units in February and August (unless the Responsible Entity determines otherwise acting in accordance with its legal duties and obligations). For example, if you participate in the DRP for the December distribution, you will receive your DRP units in February.

10 WHERE WILL THE UNITS ALLOCATED TO ME UNDER THE DRP COME FROM?

Subject to the Constitution of the Fund, the Responsible Entity may, in its discretion, either issue new units to you, or make relevant arrangements to cause existing units to be acquired in the market and then transfer those units to you. The Responsible Entity may also, in its discretion, elect to use a combination of both of these options to satisfy its obligations to you under the DRP.

If the Responsible Entity determines to cause the transfer of existing units to you, the existing units may be acquired in the market in any way the Responsible Entity determines appropriate.

Any units issued under the DRP will be issued within the time required by the ASX Listing Rules.

If units in the Fund are quoted on ASX at the time units are issued to you under the DRP, the Responsible Entity will apply for quotation on ASX of those units promptly after those units are issued to you.

By applying to participate in the DRP, you agree to the appointment of a trustee nominated by the Responsible Entity as the agent of the Responsible Entity to acquire units on market, where the Responsible Entity decides to transfer units to you in accordance with these terms and conditions.

The Responsible Entity may, in its discretion, have any issue or acquisition of units under the DRP underwritten.

11 HOW DO I FIND OUT HOW MANY UNITS I HAVE RECEIVED FROM THE DRP?

Distribution advices for the reinvestment of the December and June distribution period's income will be mailed to unitholders in February and August respectively.

The advice will include details of the number of your units that are participating in the DRP, the amount of cash distribution you have reinvested, the acquisition price per unit and the number of units issued or transferred to you under the DRP for that particular distribution. The number of units allocated and the new unitholding balance will be shown on the distribution advice you will receive in the month following each reinvestment.

12 WHAT ARE THE TAXATION IMPLICATIONS OF PARTICIPATING IN THE DRP?

Distributions reinvested to purchase units under the DRP are assessable for income tax purposes as if they had been received in cash. You will receive an annual tax statement, which will include details of the income you have earned on your units during the year (received either in cash or reinvested in DRP units) enabling you to complete your tax return.

Unitholders who have not supplied their tax file number (TFN) will have withholding tax deducted from distributions before being reinvested under the DRP. Unitholders resident outside Australia and New Zealand who the Responsible Entity permits to participate in the DRP (see question 5) will have withholding tax deducted from their distributions prior to them being reinvested under the DRP.

The taxation information given above is a general guide only and the Responsible Entity takes no responsibility nor assumes any liability for any taxes payable by unitholders participating in the DRP. Unitholders should consult their own tax adviser if uncertain of their taxation position.

13 HOW DO I VARY THE LEVEL OF PARTICIPATION OR WITHDRAW FROM THE DRP?

Participating unitholders may vary the level of participation or withdraw from the DRP at any time by submitting a DRP Instruction Form to the Registry. DRP Instruction Forms are available on the Fund's website or by telephoning the Registry on +61 1300 554 474.

Any variation to participation will take effect from the next distribution, provided that notification is received by no later than 5.00 pm Australian Eastern Time on the Business Day after the Record Date for the next distribution.

Notices received after this date will take effect from the following distribution period.

If you choose to withdraw from the DRP, your distributions will be paid by cheque or direct credit to your bank account, according to payment instructions given prior to your participation in the DRP, unless you advise the Registry of a change to how you wish to receive the distributions.

Upon termination of your participation in the DRP for whatever reason (including if you cease to be a unitholder in the Fund), you will be taken to have directed the Responsible Entity to retain and donate the cash balance (if any) shown in your plan account to a registered charity nominated by the Responsible Entity. You will not be issued with a receipt in connection with such a donation.

14 ARE THE DRP UNITS THE SAME AS MY EXISTING UNITS?

Yes. All units allotted or transferred to you under the DRP will from the date of allotment or transfer rank equally, in all respects, with the existing units on issue and will participate in all distributions declared subsequently. In particular, DRP units will be entitled to the entire half year's distribution for the distribution period in which they are issued or transferred.

You can sell or transfer all or part of your holding at any time, including units participating in the DRP and any units allotted or transferred under the DRP.

15 CAN THE TERMS AND CONDITIONS OF THE DRP CHANGE?

Yes. If it is in the best interests of the unitholders, the Responsible Entity may modify, suspend or terminate the DRP at any time, including by increasing or decreasing the level of discount used in the calculation of the DRP acquisition price (see question 7). The modification, suspension or termination shall take effect from the date specified by the Responsible Entity and sufficient written notice shall be given to all unitholders prior to the changes occurring to allow unitholders to withdraw or otherwise change their level of participation before the changes come into effect.

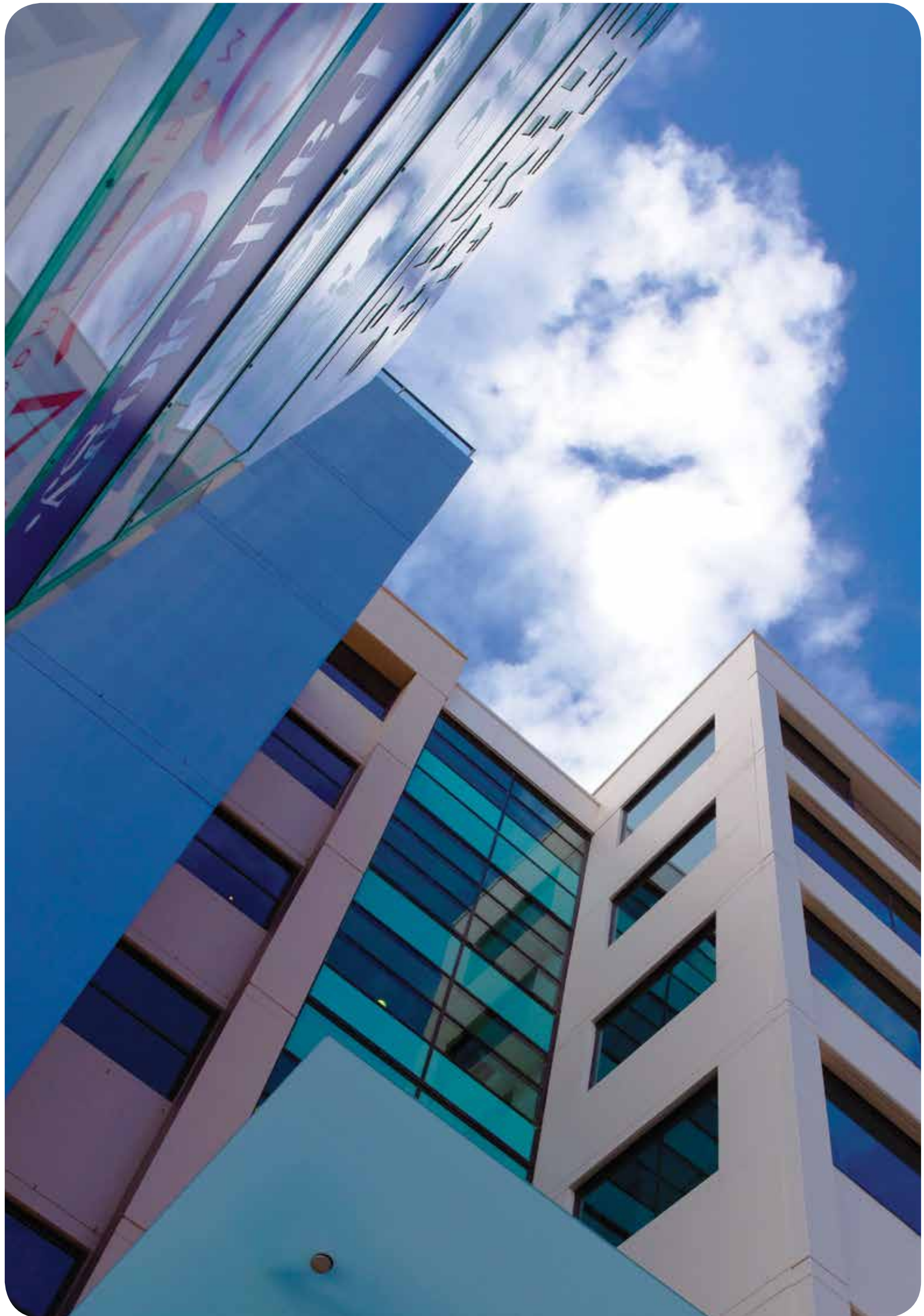
16 WHAT OTHER IMPORTANT LEGAL INFORMATION SHOULD I CONSIDER BEFORE DECIDING WHETHER TO PARTICIPATE IN THE DRP?

You should be aware that by applying to participate in the DRP in accordance with these rules, you:

- warrant to the Responsible Entity that you are eligible to participate in the DRP;
- warrant to the Responsible Entity that if you are a joint holder of units, all other joint unitholders in relation to the same holding are eligible to participate in the DRP;
- unconditionally agree to these rules of the DRP and agree not to do any act that would be contrary to the spirit, intention or purpose of the DRP;
- acknowledge that the Responsible Entity may at any time, if in the best interests of unitholders and by giving written notice to eligible unitholders, limit participation in the DRP. This may include a determination that there will be a maximum or minimum number of units permitted per participant, whether this is in respect of a particular distribution or distributions generally;
- acknowledge that none of the Responsible Entity, its directors or the Registry have provided you with any recommendation or investment, financial or other advice and that none of the above persons have any obligation to provide any advice concerning your decision to apply to participate in the DRP; and
- acknowledge that any variation, suspension, recommencement or termination of the DRP will not give rise to any liability on the part of, or right of action against, the Responsible Entity or its directors.

DEFINITIONS

ASX	means ASX Limited or the financial market operated by ASX, as the context requires.
Business Day	has the meaning given in the Listing Rules.
Constitution	means the constitution of the Fund, as amended from time to time.
DRP	means the Fund's distribution reinvestment plan constituted by these rules, as varied from time to time.
DRP Instruction Form	means the instruction form to be completed by eligible unitholders to give notice of their election to participate in, or to amend their level of participation in, the DRP.
Fund	means Generation Healthcare REIT.
Listing Rules	means the listing rules of the ASX and any other applicable rules of ASX while the Fund is admitted to the official list of the ASX.
Record Date	means 5.00 pm Australian Eastern Time on the date the Fund closes its share register for determining entitlements to a distribution.
Registry	means Link Market Services Limited, or any other company appointed by the Responsible Entity to be the Fund's Registry from time to time.
Responsible Entity	means APN Funds Management Limited ACN 080 674 479.





Responsible Entity

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