Health Co.

HealthCo Healthcare and Wellness REIT

Product Disclosure Statement in relation to the Offer of Units in HealthCo Healthcare and Wellness REIT (ARSN 652 057 639)

HCW Funds Management Limited
ACN 104 438 100 AFSL 239882

Joint Lead Managers and Underwriters of the Offer: MACQUARIE, Morgan Stanley

Joint Lead Manager of the Offer: morgans

Retail Joint Lead Manager of the Offer: nab

Co-Lead Managers of the Offer: BELL POTTER, WILSONS, CRAIGS INVESTMENT PARTNERS

Co-Managers of the Offer: ESCALA PARTNERS, TAYLOR COLLISON Sharebrokers and Investment Advisers www.taylorcollison.com.au, crestone.

Important Information

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR ATTENTION.

It is important that you read this document carefully and in its entirety prior to making your decision with respect to an investment in Units. In particular you should pay careful consideration to the risk factors outlined in Section 7 and the tax implications in Section 11 of this document as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of the Offer will vary between investors. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances.

THE ISSUER

This document is a product disclosure statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act and has been issued by HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) (**Responsible Entity**) as responsible entity of the HealthCo Healthcare and Wellness REIT (ARSN 652 057 639) (**HealthCo REIT** or the **REIT**) in respect of the offer of Units.

LODGEMENT AND LISTING

This PDS is dated 2 August 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) in accordance with section 1013B of the Corporations Act on that date. The Responsible Entity will apply for the admission of the REIT to the official list of ASX and the quotation of the Units on ASX within seven days of the date of this PDS. Neither ASIC nor ASX takes any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

The Responsible Entity takes full responsibility for this PDS.

NOT INVESTMENT ADVICE

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only without consideration for your particular investment objectives, financial circumstances or particular needs. In particular you should pay careful consideration to the risk factors outlined in Section 7 in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest. If you have any queries or uncertainties relating to aspects of this PDS or the Offer please consult your stockbroker, accountant or other independent financial adviser before deciding whether to invest. Similarly the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 11 of this PDS and obtain your own professional taxation advice prior to deciding whether to invest in Units.

EXPOSURE PERIOD

The Corporations Act prohibits the Responsible Entity from processing Applications in the seven day period after the date of lodgement of the PDS (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this PDS to be examined by market participants before the sale of the Units. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

NO COOLING OFF RIGHTS

Cooling-off rights do not apply to an investment in the Units pursuant to the Offer.

RIGHTS AND LIABILITIES ATTACHED TO THE UNITS

From the date the Units under the Offer are issued, all Units will rank equally in all respects to the Units on issue. Details of the rights and liabilities attached to each Unit are set out in Section 13.1 and in the Constitution of the REIT, copies of which are available for inspection at the registered office of the Responsible Entity within normal trading hours.

ELECTRONIC PDS

An electronic copy of this PDS may be viewed online by Australian and New Zealand investors at www.home-co.com.au during the Retail Offer period. If you access the PDS electronically please ensure that you download and read the PDS in its entirety. The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia and New Zealand only. It is not available to persons in (i) the United States or (ii) other jurisdictions other than under the Institutional Offer.

A paper form of this PDS can be obtained, free of charge, during the Offer Period by contacting the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays).

Applications for Units under the Offer will only be considered if applied for on an Application Form attached to or accompanied by a copy of this PDS (refer to Section 8 for further information). The Corporations Act prohibits any person from passing the Application Form on to another person unless it is accompanied by this PDS in its paper form or the complete and unaltered electronic form.

OVERSEAS INVESTORS

This PDS has been prepared to comply with the requirements of Australian law and is only being made to Australian and New Zealand resident retail investors and Institutional Investors in Australia, New Zealand, Hong Kong, Singapore and Switzerland and any other jurisdictions as determined by the Responsible Entity and, where it concerns the Offer, the Joint Lead Managers. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Distribution of this PDS outside of Australia or New Zealand (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia or New Zealand are required to observe any such restrictions. Failure to comply with securities restrictions may find you in violation of applicable securities laws. No action has been taken to register or qualify the Units or the Offer, or to otherwise permit a public offering of Units in any jurisdiction outside Australia and New Zealand. The Units have not been, and will not be registered under the US Securities Act and may not be offered or sold in the United States or except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. This PDS may not be distributed in the United States or to any person in the United States. Any person subscribing for Units in the Offer shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS, and are not acting for the account or benefit of a person within such jurisdiction.

None of the Responsible Entity, the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer. See Section 14.6 for further details.

WARNING FOR NEW ZEALAND INVESTORS

The warning statement below is required under the Financial Markets Conduct Regulations 2014 of New Zealand and relates to the Offer, which is made pursuant to those Regulations in New Zealand.

This Offer to New Zealand investors is a regulated Offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this Offer document is available only in Australia and is not available in New Zealand.

A copy of this PDS, other documents relating to the Offer and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at www.business.govt.nz/disclose (offer number, OFR13140). While the Offer is being extended to New Zealand investors under the Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited.

UPDATED INFORMATION

Information regarding the Offer may need to be updated from time to time. Any updated information about the Offer that is considered not materially adverse to investors will be made available on the REIT's website www.home-co.com.au. The Responsible Entity will provide a copy of the updated information free of charge to any eligible investor who requests a copy by contacting the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction to this PDS prior to making any investment decision.

VARIATION OF THE OFFER

At any time prior to the allocation of the Units contemplated in this PDS, the Responsible Entity reserves the right in its absolute discretion, without advance notice and without liability, to vary the Offer or its procedures or to postpone or cancel the Offer.

FINANCIAL INFORMATION

Section 6 of this PDS sets out in detail the financial information referred to in this PDS and the basis of preparation of that information.

The Financial Information in this PDS should be read in conjunction with, and is qualified by reference to, the information contained in Section 6. All financial amounts contained in this PDS are expressed in Australian dollars and rounded to the nearest $1,000 unless otherwise stated. Some numerical figures included in this PDS have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this PDS are due to rounding. All fees in the PDS are quoted exclusive of GST unless otherwise stated. All financial information, operational information, and Portfolio statistics contained in this PDS are believed to be current as at the date of this PDS.

NON-IFRS FINANCIAL INFORMATION

Investors should be aware that certain financial data included in this PDS is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Responsible Entity believe this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the REIT. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this PDS. Unless otherwise stated or implied, all pro forma data in this PDS gives effect to the underlying transactions and adjustments at the Completion Date referred to in Section 6.

FORWARD-LOOKING STATEMENTS

Certain "forward-looking statements" have been provided in this PDS. These statements can be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Preparation of these forward-looking statements was undertaken with due care and attention, however, forward looking statements remain subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Responsible Entity and its directors, officers, employees, agents and advisers. Consequently, such factors may impact the performance of the REIT such that actual performance differs materially to any performance indicated in the forward looking statements. Some of the risk factors that impact on forward looking statements in this PDS are set out in Section 7. No assurance can be provided that actual performance will mirror the guidance provided. Other than as required by law, neither the Responsible Entity nor its directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements. The forward looking statements in this PDS reflect the views held only immediately before the date of this PDS, unless otherwise stated. Subject to the Corporations Act and any other applicable law, the Responsible Entity and its directors, officers, employees and advisers disclaim any duty to disseminate after the date of this PDS any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

INDEPENDENT VALUATIONS

This PDS contains information regarding the independent valuations of the Properties by independent valuers as at 31 August 2021. Valuations are an opinion of the market value payable by a willing buyer at a point in time, not a guarantee of current or future market value. By necessity, valuations require the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser or another valuer. Independent valuations are subject to a number of assumptions and conditions, which are set out in the summary of the valuations in Section 10. Property values can change substantially, even over short periods of time, and an independent valuer's opinion of value could differ significantly if the date of valuation were to change. A high degree of volatility in the real estate market may lead to fluctuations in values over a short period of time.

UNDERWRITING AGREEMENT

Macquarie Capital and Morgan Stanley have been appointed by the Responsible Entity as Underwriters to the Offer and, together with Morgans, as Joint Lead Managers to the Offer. The Underwriting Agreement sets out a number of circumstances where the Underwriters may terminate the agreement and their obligations. For further information on the terms and conditions of the Underwriting Agreement you should refer to Section 13.16.

INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent limited review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide are provided in Section 9 of this PDS.

PHOTOGRAPHS, DIAGRAMS AND ARTIST'S RENDERINGS

Photographs, diagrams and artist's renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted to mean an endorsement of this PDS or its contents by any person shown in these images. Furthermore, assets not accompanied by a description should not be interpreted as being owned by the REIT. Diagrams used in this PDS are also intended for illustrative purposes only and may not be drawn to scale.

USE OF LOGOS

Where logos and company names are used in the PDS, the logos and company names are trade marks of their respective holders, owners or registered proprietors (**Trade Mark Owners**). Except as otherwise expressed in this PDS, use of these logos and company names in the PDS does not imply any affiliation with or endorsement by the relevant Trade Mark

Important Information (continued)

Owner. No Trade Mark Owner has authorised or caused the issue of this PDS, nor has any Trade Mark Owner made any statement in this PDS. Accordingly, no Trade Mark Owner makes any representation regarding, nor takes any responsibility for, any statements or materials in, or omissions from, this PDS.

DEFINITIONS, ABBREVIATIONS AND OTHER INFORMATION

Explanations of defined terms and abbreviations used throughout this PDS can be found in the Glossary (Section 15). Unless otherwise stated or implied, references to times in this PDS are Sydney, Australia time. Similarly, references to dates or years in this PDS are Financial Years unless otherwise stated or implied.

PRIVACY

By filling out an Application Form to apply for Units under the Offer, you are providing personal information to the Responsible Entity through the Registry that may be personal information for the purposes of the *Privacy Act 1988* (Cth) (as amended). The Responsible Entity and the Registry on its behalf, collect, hold and use that personal information in order to process your Application. The Responsible Entity may also collect, hold and use that personal information in order to service your needs as a unitholder, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, the Responsible Entity and/or the Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Responsible Entity, or entities within the REIT which it considers may be of interest to you. Your personal information may also be provided to the Responsible Entity's agents and service providers on the basis that they deal with such information in accordance with their respective privacy policies. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Joint Lead Managers and the Retail Joint Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the REIT's unitholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Units and for associated actions.

The information contained in the Unitholder register must remain there even if that person ceases to be a Unitholder. Information contained in the Unitholder register is also used to facilitate distribution payments and corporate communications (including the REIT's financial results, annual reports and other information that the Responsible Entity may wish to communicate to its Unitholders) and compliance by the Responsible Entity with legal and regulatory requirements. You have a right to gain access to the information that the Responsible Entity and the Registry hold about you, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Responsible Entity's registered office or the Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this PDS. You can also obtain a copy of the Responsible Entity's Privacy Policy by visiting its website at www.home-co.com.au.

Under the *Privacy Act 1988* (Cth) (as amended), you may request access to your personal information held by (or on behalf of) the Responsible Entity. You may be required to pay a reasonable charge to the Registry in order to access your personal information. You can request access to your personal information by telephoning the Registry on +61 1800 990 475. If any of your information is not correct or has changed, you may request it to be corrected. By submitting an Application, you agree that the Responsible Entity and the Registry may communicate with you in an electronic form or contact you by telephone in relation to the Offer.

DISCLAIMER

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this PDS. Any information or representation that is not in this PDS may not be relied on as having been authorised by the Responsible Entity, the Joint Lead Managers or the Retail Joint Lead Manager in connection with the Offer. Except as required by law, and only to the extent so required, none of the Responsible Entity, the Joint Lead Managers or the Retail Joint Lead Manager nor any other person, warrants or guarantees the future performance of the REIT or the repayment of capital, or any return on any investment made pursuant to this information. The Underwriters have acted as underwriters of the Offer and the Underwriters and other Joint Lead Manager have acted as joint lead managers of the Offer. The Underwriters, the Joint Lead Managers and the Retail Joint Lead Manager have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this PDS and do not make or purport to make any statement in this PDS and there is no statement in this PDS which is based on any statement by the Underwriters, the Joint Lead Managers and the Retail Joint Lead Manager. The Underwriters, the Joint Lead Managers and the Retail Joint Lead Manager and their affiliates, officers, employees and advisers, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this PDS.

CONFLICT OF INTEREST DISCLAIMER

The Joint Lead Managers, Retail Joint Lead Manager and Co-Managers and their respective affiliates and Related Bodies Corporate and any of their respective directors, officers, employees, partners, advisers, contractors, advisers or agents (the **Lead Manager Parties**) are full service financial institutions engaged in various activities, which may include (without limitation) trading, financial advisory, provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivative products, investment research, principal investment, hedging, market making, the provision of finance, including (without limitation) in respect of securities of, or loans to the REIT or members of the HomeCo Group its affiliates or persons directly or indirectly involved in the Offer or interests associated with such persons, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses or other transaction consideration, and out of which conflicting interests or duties may arise. In the course of these activities, the Lead Manager Parties may at any time for their own account and for the accounts of their clients make or hold investments in, or otherwise effect transactions in connection with, debt, equity or hybrid securities, senior loans or other financial products of the REIT or its affiliates or any third party involved in the Offer, and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products and receive customary fees and expenses or other transaction consideration in respect of such activities.

NO FIDUCIARY AND NO ADVICE

None of the Lead Manager Parties acts as the adviser of or owes any fiduciary or other duties to any recipient of this (or any supplementary or replacement) PDS or any other person whatsoever in connection with the Units and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on any of the Lead Manager Parties for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

Persons contemplating purchasing the Units should make their own decision as to the sufficiency and relevance for their purpose of the information contained in this (or any supplementary or replacement) PDS and any other offering documentation in respect of the Units, undertake their own independent investigation of the appropriateness of the Units for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary.

FURTHER QUESTIONS

If you have any queries relating to aspects of this PDS please call the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period.

Contents

Key Information

KEY OFFER STATISTICS

Offer Price	$2.00 per Unit
Offer size[1]	$650 million
Number of Units to be issued under the Offer	325 million
Total Number of Units on Issue following Completion	325 million
Market capitalisation at the Offer Price[2]	$650 million
Forecast FY22 annualised Distribution Yield per Unit[3]	4.5%
NTA per Unit on Completion	$1.86 per Unit
Offer Price premium to NTA per Unit on Completion	7.7%
Gearing on Completion[4]	Net cash

KEY PORTFOLIO STATISTICS[5]

Number of Properties	27
Fair value[6]	$555 million
Weighted Average Capitalisation Rate (**WACR**)[7]	5.34%
Site area	337,586 sqm
Occupancy[8]	96%
Weighted Average Lease Expiry (**WALE**)[9]	9.4 years

1. Total offer size of $650 million includes subscription by HomeCo of $130 million representing 65 million Units or 20% of total Units on issue on Completion.
2. Calculated as the total number of Units on issue following Completion multiplied by the Offer Price.
3. Based on FFO, FFO payout ratio and the Offer Price. For the period from Completion to 30 June 2022 (annualised).
4. HealthCo REIT will have a net cash position on Completion.
5. Including the Contracted Acquisitions.
6. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
7. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
8. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
9. By gross income. Includes signed leases and MoUs across all operating and development assets.

IMPORTANT DATES	2021
PDS lodgement date	2 August
Broker Firm Offer and Priority Offer open	12 August
Broker Firm Offer and Priority Offer close	27 August
Settlement date	1 September
Issue and allotment of Units under the Offer	2 September
Expected dispatch of holding statements	2 September
Expected commencement of trading on the ASX on a normal settlement basis	6 September

The dates above are indicative only and may change without notice. The Responsible Entity reserves the right, with consent from the Joint Lead Managers, to vary the times and dates of the Offer including, subject to the Listing Rules and the Corporations Act, to close the Offer Period early, extend the Offer Period or to accept late Applications, either generally or in particular cases, without notification.

How to invest

Applicants under the Broker Firm Offer may apply for Units by completing and lodging a valid Application Form attached to or accompanying this PDS with the Broker who invited them to participate in the Offer.

Under the Institutional Offer, Institutional Investors have been invited to commit to acquire Units by the Joint Lead Managers.

Applicants under the Priority Offer will be invited to apply by the Responsible Entity and should follow the personalised instructions provided.

Further instructions on how to apply for the Units are set out in Section 8 of this PDS and on the back of the Application Form.

If you require a replacement Application Form or have any questions relating to the Offer, please contact the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30 am and 5.30 pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. You should read this PDS carefully and in its entirety and seek relevant professional advice before making a decision to invest.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

Chair's letter

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you this opportunity to invest in the HealthCo Healthcare and Wellness REIT (**HealthCo REIT** or the **REIT**).

HealthCo REIT will be a Real Estate Investment Trust listed on the ASX focussed on owning healthcare and wellness property assets. The REIT's objective is to provide exposure to a diversified portfolio underpinned by healthcare sector megatrends, targeting stable and growing distributions, long-term capital growth and positive environmental and social impact.

To deliver its objective of stable and growing distributions, HealthCo REIT's strategy is to:

- maintain a diversified exposure across geographies, tenants and target subsectors of healthcare and wellness;
- target stable income characteristics including long leases, contracted rental escalations (including fixed and CPI escalations), sustainable rents and strong tenant covenants;
- pursue accretive acquisition and development opportunities; and
- maintain an appropriate capital structure with a target Gearing range of 30 to 40%.

HealthCo REIT will target a balanced exposure to a model portfolio comprising of Hospitals; Aged Care; Childcare; Government, Life Sciences & Research; and Primary Care & Wellness properties (the **Model Portfolio**).

The Model Portfolio is expected to benefit from attractive megatrends underpinning long-term demand for healthcare and wellness properties. Ageing population, increased consumer health literacy and technological changes leading to improvements in detection and treatment of illnesses are contributing to increased utilisation of health services. In addition, increasing government expenditure is supportive of continued investment in health and wellness infrastructure.

HealthCo REIT's portfolio (**Portfolio**) will consist of 27 assets[10] with a fair value of $555 million[11]. The Portfolio is strategically located with 97% of Properties[12] across the eastern seaboard states of NSW, VIC and QLD and one property in WA. It has a Weighted Average Capitalisation Rate (**WACR**) of 5.34%[13], a Weighted Average Lease Expiry (**WALE**) of 9.4 years[14] and an occupancy rate of 96%[15].

HealthCo REIT will target stable and growing distributions with the forecast FY22 annualised Distribution Yield per Unit of 4.5%[16] for the period from Completion to 30 June 2022. 100% of the forecast FY22 distributions are expected to be tax deferred. The distributions will be paid to Unitholders quarterly. The first distribution is expected to be a pro rata amount based on the period between the date of Completion and 31 December 2021.

HealthCo REIT is undertaking an Offer of 325 million New Units to raise $650 million.[17] The Offer Price is $2.00 per New Unit.

The Offer comprises:

- an Institutional Offer, which is open to Institutional Investors in Australia, New Zealand and certain other jurisdictions;
- an offer open to Australian and New Zealand resident retail clients of participating Brokers through the Broker Firm Offer; and
- a Priority Offer, which is open to select investors who have received a personal invitation to participate from HealthCo REIT, which is capped at $30 million.

Members of the public wishing to subscribe for New Units under the Offer must do so through the Broker Firm Offer.

Proceeds from the Offer will be used to fund the acquisition of the Portfolio by HealthCo REIT. The Offer proceeds will also be used to provide balance sheet capacity to fund the remaining capital expenditure for four Properties currently in development comprising Camden Stage 1, Proxima Southport, Springfield and St Marys, provide HealthCo REIT with working capital, fund the transaction costs associated with the Offer and the Acquisitions, and provide balance sheet capacity to take advantage of acquisition and development opportunities.

10. Including the Contracted Acquisitions.
11. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
12. By fair value.
13. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
14. By gross income. Includes signed leases and MoUs across all operating and development assets.
15. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
16. Based on FFO, FFO payout ratio and the Offer Price.
17. Total offer size of $650 million includes subscription by HomeCo of $130 million representing 65 million Units or 20% of total Units on issue on Completion.

HealthCo REIT will commence trading on the ASX with a strong balance sheet, net cash position and an undrawn bank credit facility, providing funding capacity for accretive acquisitions and developments. HealthCo REIT has received credit approved long form term sheets from two leading Australian banks for a new senior secured syndicated Debt Facility totalling $400 million.

HealthCo REIT will maintain an ongoing relationship with, and be externally managed by, Home Consortium (**HomeCo**). The Responsible Entity, HCW Funds Management Limited, is a member of the HomeCo Group, and will have responsibility for the governance and oversight of operations of HealthCo REIT. The Responsible Entity has appointed the Investment Manager and Property Manager, also members of the HomeCo Group, to provide certain asset management, investment management, development management, leasing and property management services to HealthCo REIT under the Management Agreements. Home Consortium Developments Limited (**HCDL**) will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement.

The board of the Responsible Entity is comprised of six Directors, with two Directors also directors of the HomeCo board. The remaining four members of the Board will be independent non-executive Directors. The Responsible Entity will determine the appropriate governance arrangements for HealthCo REIT, having regard to market best practices, the ASX Recommendations and ensuring that there are appropriate arrangements to manage conflicts.

An application will be made for HealthCo REIT to be admitted, and to have the Units quoted, on the ASX, with a targeted listing date of 6 September 2021.

This PDS contains important information in relation to HealthCo REIT, the Offer, and the risks associated with an investment in HealthCo REIT. You should read this PDS carefully and in its entirety and seek relevant professional advice before making a decision to invest. The risks associated with an investment in HealthCo REIT are outlined in Section 7.

Should eligible investors have any questions about how to apply for Units, please contact the Offer Information Line on +61 1800 990 475 (toll free within Australia).

On behalf of the Board of Directors, I thank you for considering this opportunity to invest in HealthCo REIT and I look forward to welcoming you as a Unitholder.

Yours sincerely,

Joseph Carrozzi AM

Independent Non-Executive Chair

Section 1.

Investment overview

Image: Morayfield Health Hub

1. Investment overview

1.1 Introduction

TOPIC	SUMMARY	REFERENCE
What is HealthCo REIT?	HealthCo REIT will be a real estate investment trust listed on the ASX with a mandate to invest in Hospitals; Aged Care; Childcare; Government, Life Sciences & Research; and Primary Care & Wellness property assets, as well as other healthcare and wellness property adjacencies. HealthCo REIT's Portfolio will consist of 27 assets[18], with a fair value of $555 million[19].	**Section 2.1**
What is the objective of HealthCo REIT?	HealthCo REIT's objective is to provide Unitholders with exposure to a diversified portfolio underpinned by attractive megatrends, targeting stable and growing distributions, long-term capital growth and positive overall environmental and social impact.	**Section 2.1**
What are HealthCo REIT's strategies?	To achieve its objective, HealthCo REIT's strategy is to: • maintain a diversified exposure across geographies, tenants and target subsectors of healthcare and wellness; • target stable income characteristics including long leases, contracted rental escalations (including fixed and CPI escalations), sustainable rents and strong tenant covenants; • pursue accretive acquisition and development opportunities to scale the Portfolio and enhance returns; and • maintain an appropriate capital structure with a target Gearing range of 30 to 40%.	**Section 2.1**
What is the Model Portfolio?	The Portfolio has been constructed with reference to a Model Portfolio. The Model Portfolio currently targets a balanced exposure across the five key subsectors of: • Hospitals; • Aged Care; • Childcare; • Government Life Sciences & Research; and • Primary Care & Wellness.	**Section 2.2.2**
What is HealthCo REIT's investment process?	HealthCo REIT's investment process will involve top-down asset class selection, coupled with bottom-up portfolio construction. Macroeconomic considerations of government and regulatory risk, economic factors, markets and event risk will inform top-down asset class selection. HealthCo REIT will also undertake bottom-up portfolio construction via detailed asset analysis of local market demographics, competitive landscapes, quality of operators, sustainability of rents, and asset and environmental due diligence.	**Section 2.2.3**

18. Including the Contracted Acquisitions, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween which remain subject to conditions precedent. Please refer to Sections 13.7 and 13.8 for further information.

19. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
What is HealthCo REIT's ASX code?	HealthCo REIT's ASX code will be HCW.	
Who are the Responsible Entity and the managers of HealthCo REIT?	HCW Funds Management Limited (**Responsible Entity**) is a wholly owned subsidiary of HomeCo and the responsible entity of HealthCo REIT. The Responsible Entity is responsible for the governance and oversight of operations of HealthCo REIT. The Responsible Entity has appointed HomeCo Property Management Pty Limited (as **Property Manager**) and HomeCo Investment Management Pty Limited (as **Investment Manager**) to provide certain asset management, investment management, development management, leasing and property management services to HealthCo REIT under the Management Agreements. Both the Property Manager and Investment Manager are wholly owned subsidiaries of HCDL.	**Section 2.3** **Section 5.1**
Who is HomeCo?	HomeCo is an owner, developer and manager of real assets, listed on the ASX under the code "HMC". HomeCo will maintain an ongoing relationship with HealthCo REIT in the following respects: • the Responsible Entity is a member of the HomeCo Group and as such, HomeCo retains the right to appoint (and replace) all Directors on the board of the Responsible Entity; • A member of the HomeCo Group will manage the Unlisted Fund (once it is established). It is proposed that the Unlisted Fund will have a complementary investment objective to the REIT, with the REIT aiming to jointly invest in assets with the Unlisted Fund in accordance with a co-investment framework; • two Directors on the Board are directors of HomeCo; • both the Property Manager and Investment Manager are members of the HomeCo Group; and • HCDL will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement.	**Section 5.2**
What is the Offer?	The Offer is an offering of 325 million New Units to raise proceeds of $650 million, including a $130 million subscription by HomeCo, representing 20% of the Units on issue on Completion. The Offer Price will be $2.00 per Unit. Each New Unit issued under the Offer will rank equally with all other Units on issue.	**Section 8.1**
What is Completion?	Completion will occur when the allotment and issue of New Units under the Offer has occurred.	
Who is the issuer of this PDS?	This PDS is issued by HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) as responsible entity of HealthCo REIT.	

TOPIC	SUMMARY	REFERENCE
Why is the Offer being conducted?	The Offer is being conducted to: • provide funding capacity for the Acquisitions; • provide balance sheet capacity to fund capital expenditure for the four Properties currently in development comprising Camden Stage 1, Proxima Southport, Springfield and St Marys; • provide HealthCo REIT with working capital; • fund the transaction costs associated with the Offer and the Acquisitions; and • provide balance sheet capacity to take advantage of acquisition and development opportunities.	**Section 8.4**
Why is healthcare and wellness real estate an attractive asset class?	The healthcare and wellness sectors are underpinned by attractive megatrends which are expected to support long-term demand for essential health services both in Australia and globally. These include: • ageing population driving increased demand for medical facilities including aged care, hospital and primary care; • growing government expenditure to support health and social welfare services; • technological changes and improvements in detection and treatment of illnesses contributing to increasing utilisation of health services; and • evolving consumer preferences including increased health literacy and changing social behaviours driving greater consumption of health services. Healthcare property and the associated infrastructure are critical elements in the delivery of health services. According to research commissioned from L.E.K. Consulting, the total value of property assets in Australia targeted as part of the Model Portfolio is estimated to be approximately $218 billion[20]. Over the longer term, it is estimated that more than $87 billion of new property investment will be required to meet future demand needs (at current utilisation levels) in the hospital, residential aged care and childcare subsectors over the next 20 years[21].	**Section 4**

20. L.E.K. Consulting. Comprises hospitals, residential aged care, primary & specialty care, childcare, life sciences and innovation.

21. L.E.K. Consulting.

1. Investment overview (continued)

1.2. Benefits and risks

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in HealthCo REIT?	HealthCo REIT is intended to offer investors exposure to a high quality portfolio of real estate, diversified across healthcare and wellness subsectors, tenants and geographies. Key benefits of an investment in HealthCo REIT include: **High quality property portfolio providing diversified healthcare and wellness exposure** HealthCo REIT will own a high quality, diversified Portfolio of healthcare and wellness Properties. The Portfolio has been constructed with reference to a Model Portfolio to deliver attractive risk-adjusted returns with low correlation to traditional property sectors. By seeking a balanced exposure across the target subsectors, HealthCo REIT is not overly exposed to potential regulatory risk or other risks which are specific to any single subsector. The Portfolio will consist of 27 assets[22], with a fair value of $555 million[23] and a WACR of 5.34%[24]. 97% of the Portfolio is located in the eastern seaboard states of NSW, VIC and QLD. The Portfolio has 71% exposure to national tenants[25] and the top 20 tenants represent 83% of Portfolio income.[26] **Exposure to attractive megatrends** HealthCo REIT will target investment in healthcare and wellness subsectors which are underpinned by attractive megatrends including an ageing population, growing government expenditure, technological progress and increasing consumption of health services. Healthcare property and the associated infrastructure are critical elements in the delivery of health services and healthcare real estate as an asset class is well placed to benefit from these megatrends. Many of these trends are global in nature which may expand the opportunity set for HealthCo REIT in the future.	**Section 2.5**

22. Including the Contracted Acquisitions.
23. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
24. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
25. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
26. See Section 3 for a summary of the top 20 tenants by income.

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in HealthCo REIT? continued	**HealthCo REIT will target stable and growing distributions supported by long-term leases to high quality operators with embedded rental growth** HealthCo REIT is forecast to have an FY22 annualised Distribution Yield (based on the Offer Price) of 4.5% for the period from Completion to 30 June 2022, with 100% of the forecast FY22 distributions expected to be tax deferred. The objective of delivering stable and growing distributions is underpinned by a number of factors, including: • 96% occupancy[27]; • long-term leases with a WALE of 9.4 years[28]; • attractive lease structures with embedded rental growth (including fixed and CPI escalations); and • high quality tenant covenants with national tenants comprising 71% of income[29]. **Positioned for further accretive growth** HealthCo REIT is well positioned to grow earnings and distributions by actively deploying capital into accretive acquisitions and developments. In addition, HealthCo REIT will aim to jointly invest in co-investment opportunities with the Unlisted Fund and have a right of first refusal to acquire interests in assets from the Unlisted Fund as and when they become available. HealthCo REIT's strategy provides significant potential to scale over time through increased ownership of assets across the target subsectors. The current value of property assets in Australia targeted as part of the Model Portfolio is estimated at $218 billion[30]. In addition, it is estimated that over $87 billion of new property investment will be required to meet future demand needs (at current utilisation levels) in the hospital, residential aged care and childcare subsectors over the next 20 years[31]. On Completion, HealthCo REIT will have a net cash position with significant headroom before reaching its long-term target Gearing range of 30% to 40% and ample capacity to fund earnings and value accretive growth initiatives in the short to medium-term.	**Section 2.5**

27. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
28. By gross income. Includes signed leases and MoUs across all operating and development assets.
29. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
30. L.E.K. Consulting. Comprises hospitals, residential aged care, primary & specialty care, childcare, life sciences and innovation.
31. L.E.K. Consulting.

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
What are the main benefits of an investment in HealthCo REIT? continued	**Demonstrated management expertise and alignment** HealthCo REIT will be managed by ASX-listed HomeCo (ASX:HMC), an established fund manager with a proven track record of value-add management and capital stewardship. The management team supporting the Responsible Entity has demonstrated experience in asset and funds management, development and property investment and management. HomeCo has also established an Advisory Panel to assist on the execution of the HealthCo REIT strategy. The Advisory Panel is comprised of leaders across the healthcare and wellness space and will assist with investment opportunity origination and due diligence. Since its admission to the Official List in October 2019, HomeCo has been the best performing constituent in the S&P/ASX300 A-REIT index. Over this period, HomeCo has delivered a total securityholder return (**TSR**) of approximately 93% compared to approximately 3% for the S&P/ASX300 A-REIT Accumulation index. In November 2020, HomeCo successfully established the ASX-listed HomeCo Daily Needs REIT (ASX:HDN), an externally managed A-REIT focused on convenience based retail assets in predominantly metropolitan markets. Since its admission to the Official List in November 2020, HomeCo Daily Needs REIT has delivered a TSR of approximately 20%. HomeCo's interests are aligned with HealthCo REIT via the investment that HomeCo will maintain in the REIT. Following Completion, HCDL will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement. **Strong corporate governance and majority independent board** The Board will be comprised of experienced and credentialed individuals, with a majority being independent. The Board is committed to a high standard of corporate governance and compliance.	**Section 2.5**
What are the main risks of an investment in HealthCo REIT?	**COVID-19 impact** Despite the government's current efforts to bolster its continued roll-out of COVID-19 vaccinations in Australia, some Properties within the Portfolio may be affected as a result of the current lockdowns in NSW and Victoria, and there is a prospect that further, or more restrictive, forced closures may occur, including in Queensland and Western Australia. This could limit all or a material amount of trading at Properties within the Portfolio. **HealthCo REIT's net rental income may decline** HealthCo REIT's primary source of income is generated through the leasing arrangements it has with tenants across the Portfolio. There is a risk that rental income might be materially different to the income described in this PDS and may decline over time, which could adversely affect HealthCo REIT's distributions. **The value of the Portfolio or individual Properties may fall** The value of the Portfolio, or individual Properties within the Portfolio, may be impacted by a number of factors affecting the Australian property market generally, and HealthCo REIT in particular. As property valuation adjustments are reflected in HealthCo REIT's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HealthCo REIT's financial position and could impact upon distributions.	**Section 7**

TOPIC	SUMMARY	REFERENCE
What are the main risks of an investment in HealthCo REIT? continued	**HealthCo REIT may not be able to meet its forecasts** The forward-looking statements, opinions and estimates provided in this PDS, including the Financial Information, are based on various assumptions, many of which are outside the control of HealthCo REIT. There can be no guarantee that the assumptions on which the forward-looking statements, opinions and estimates are based, will ultimately prove to be valid or accurate, including rents, property costs, corporate expenses and capital expenditure incurred by HealthCo REIT. **Relationship with HomeCo** HomeCo is expected to retain a substantial interest in HealthCo REIT. As such, HomeCo and its associates are likely to have the ability to determine (or have significant influence over) any resolution put to Unitholders on which it can vote, including a resolution to remove the Responsible Entity. HomeCo retains the right to appoint (and replace) all Directors on the board of the Responsible Entity. In performing its roles of responsible entity of HealthCo REIT, manager of HealthCo REIT and the Properties, property developer, and provider of corporate and other services, the interests of HomeCo and HealthCo REIT may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in this PDS, these agreements were negotiated between affiliated entities. **Relationship with the Unlisted Fund** In addition to HealthCo REIT, HomeCo is targeting the establishment of the Unlisted Fund, which will target investment in the same subsectors as the REIT. There is a risk that a conflict of interest may arise between HomeCo's arrangements with the Unlisted Fund and those with HealthCo REIT. HealthCo REIT may compete with the Unlisted Fund for assets, capital and HomeCo's resources. It is anticipated that a number of assets will be owned jointly by HealthCo REIT and the Unlisted Fund, with HomeCo providing management services to both. The stakeholders of each group may have different objectives and incentives, and there is a risk that this may have an adverse impact on the ability of HealthCo REIT to execute on its strategy. HomeCo has put in place arrangements to mitigate any perceived or actual conflicts of interest, including separate responsible entity boards for each vehicle, which are further described in Section 5.9.5.7. Information on arrangements with the Unlisted Fund is contained in Section 13.6. **Other risks** A number of other general investment risks are discussed in Section 7.	**Section 7**

1. Investment overview (continued)

1.3. Portfolio

TOPIC	SUMMARY	REFERENCE
What are the key metrics of the Portfolio?	The Portfolio will consist of 27 assets[32] with a fair value of $555 million[33]. Key metrics of the Portfolio are outlined in the table below.	**Section 3.1**

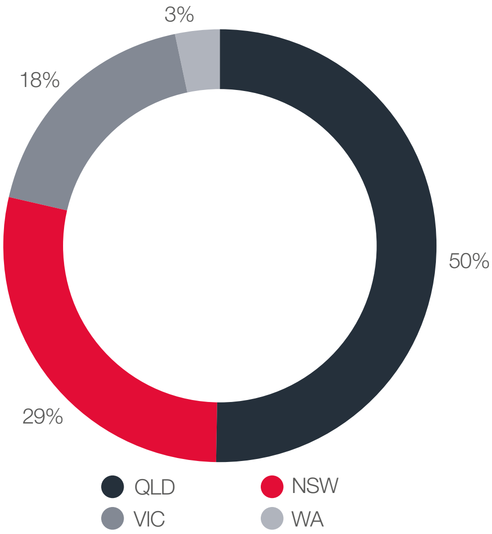
Key Portfolio statistics[34]

Number of Properties	27
Fair value[35]	$555 million
WACR[36]	5.34%
Occupancy[37]	96%
WALE[38]	9.4 years
Weighted average rent review (WARR)[39]	3.0%
Cash collection[40]	99%
National tenants[41]	71%

32. Including the Contracted Acquisitions.
33. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
34. Including the Contracted Acquisitions.
35. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
36. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
37. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
38. By gross income. Includes signed leases and MoUs across all operating and development assets.
39. For leases with fixed escalations (including higher of CPI and fixed), which comprise 85% of gross income.
40. For the 6 months to 30 June 2021 across existing leases on operating assets.
41. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.

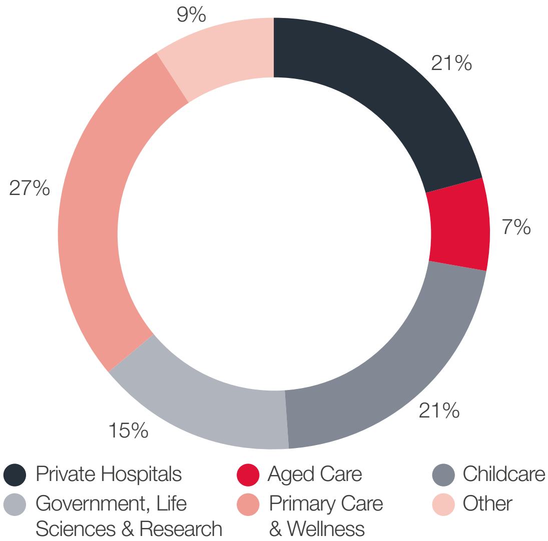
TOPIC	SUMMARY	REFERENCE
Where is the Portfolio located?	The Portfolio is strategically located on the eastern seaboard, with 50% of assets located in Queensland. Over time, the REIT will target a geographic split that is broadly in line with the national GDP contribution of each State.	**Section 3.2**

Geographic split (by value)



TOPIC	SUMMARY	REFERENCE
What assets comprise the Portfolio?	The Portfolio will comprise healthcare and wellness Properties across the Model Portfolio and other subsectors[42].	**Section 3.3**

Sector composition (by income)



42. 'Other' includes food & beverage, large format retail and sports retail. This category is considered non-core and will be reduced through sub-divisions and tenant remixing.

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
Who are the largest tenants of the Portfolio?	HealthCo REIT's tenant base represents a diversified and defensive mix with national tenants comprising 71% of income[43]. As outlined in the table below, the top 20 tenants represent approximately 83% of HealthCo REIT's income.	**Section 3.2**

Top 20 tenants by gross rental income

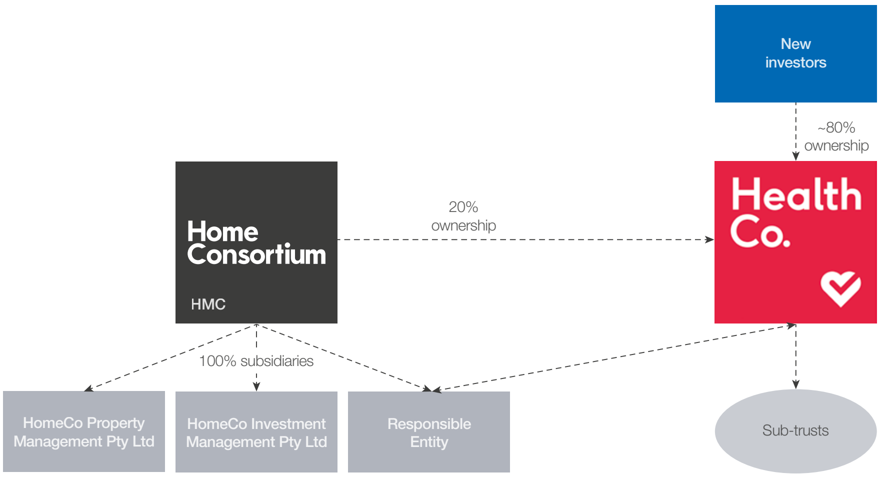
Rank	Tenant	% of income
1	GenesisCare	15%
2	Commonwealth Government[44]	11%
3	Acurio Health Group[45]	7%
4	Aurrum Aged Care	7%
5	Explorers Early Learning	6%
6	Morayfield Health Hub Doctors[44]	5%
7	Queensland Government[44]	5%
8	Guardian Childcare	5%
9	Amart[46]	3%
10	The Uniting Church[44]	3%
11	EMF (Fitness Centre)	2%
12	Go Health Medical Centre	2%
13	Endeavour Early Education	2%
14	QML Pathology[44]	2%
15	Busy Bee Childcare	2%
16	G8 Education	2%
17	Petstock	1%
18	Harmony Early Learning	1%
19	Aurrum Kids	1%
20	Sanctuary Childcare	1%
Total		**83%**

TOPIC	SUMMARY	REFERENCE
What is the lease expiry profile?	HealthCo REIT has a staggered lease expiry profile, with no more than 4% of rent expiring in any one year to FY27 and 90% expiring in FY27 or later.	**Section 3.2**

43. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
44. Tenant of Morayfield Health Hub.
45. Annualised gross income post completion of stage 1 in 2023.
46. Excludes Amart tenancy at Cairns (2% of gross income) which is considered a non-core holding over the long term.

TOPIC	SUMMARY	REFERENCE
What is HealthCo REIT's valuation policy?	HealthCo REIT values its Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The Responsible Entity expects to conduct an investment property valuation process on a semi-annual basis. Independent valuations are obtained on a rotational basis to ensure each Property is valued at least once every 24 months by an independent external valuer. For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when HealthCo REIT's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow and capitalisation methods.	**Section 2.9**

1.4. Governance, Responsible Entity and management

TOPIC	SUMMARY	REFERENCE
How is HealthCo REIT structured?	HealthCo REIT is structured as a registered managed investment scheme. Unitholders will own ordinary units in HealthCo REIT. Units are not stapled to any other financial product or security. The chart below provides an overview of the proposed structure of HealthCo REIT at Completion.  	**Section 2.3**
What are the management arrangements of HealthCo REIT?	The Responsible Entity has responsibility for the governance and oversight of operations of HealthCo REIT. The Responsible Entity has appointed the Property Manager and Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to HealthCo REIT under the Management Agreements.	**Section 5.1**

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
Who are the directors of the Responsible Entity?	On Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. The Directors will be: • Joseph Carrozzi AM (Chair) • Dr Chris Roberts AO • David Di Pilla • The Hon Kelly O'Dwyer • Natalie Meyenn • Stephanie Lai David Di Pilla and Kelly O'Dwyer are both members of the HomeCo Board.	**Section 5.3.1**
Can the Responsible Entity be removed and what would be the consequences?	The Responsible Entity may be removed by an ordinary resolution of Unitholders. If the Responsible Entity is removed or retires as responsible entity of HealthCo REIT: • HealthCo REIT will cease to have full access to the expertise and resources of HomeCo (including the Advisory Panel) to manage the operations of HealthCo REIT and the directors of the Responsible Entity will no longer be involved in the governance and operations of HealthCo REIT; • the pre-emptive rights granted in favour of the Unlisted Fund under the Co-Investment Framework Agreement will be activated, such that the Unlisted Fund will have the right to acquire HealthCo REIT's interests in the Joint Assets in accordance with the terms of the relevant agreements; and • the Management Agreements may be terminated and in certain circumstances, a compensation amount under the Management Agreements will be payable to the Managers.	**Section 13.3.3** **Section 13.4.3** **Section 13.6.4**
What fees are payable to the Managers?	All the costs and fees payable to the Managers under the Management Agreements will be paid out of the assets of HealthCo REIT. Amongst others, the Managers are entitled to a base management fee, property management costs and leasing fees. The Investment Manager can elect to take fees in either cash or units. **Investment Management fee** The Investment Manager's fee will be 0.65% per annum of Gross Asset Value (**GAV**) (before GST) on GAV up to and including $1.5 billion, and 0.55% per annum of GAV on GAV in excess of $1.5 billion. **Property Management Costs** The Property Manager is entitled to 3.0% of gross income for each property for each month. In most instances, property management costs are recoverable from tenants through outgoings.	**Section 12**

TOPIC	SUMMARY	REFERENCE
What fees are payable to the Managers? continued	**Leasing fees** The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager) including for new tenant and renewals of existing tenants. **Acquisition and disposal fees** The Investment Manager is entitled to receive 1.0% of the acquisition price and 0.5% of the disposal price of any transaction undertaken by HealthCo REIT. There will be no acquisition fees payable on properties in the Portfolio acquired from HomeCo. **Development management fees** The Property Manager is entitled to receive property development management fees, including project capital expenditure costs and all costs pertaining to the developments, of: • 5.0% on the first $2.5 million of project costs; and • 3.0% on all project costs above $2.5 million. If a Management Agreement is terminated, including because HCW Funds Management Limited ceases to be the responsible entity of HealthCo REIT, a compensation amount is payable to the Managers and the above fees (other than those accrued for the period prior to termination) would no longer be payable.	**Section 12**
What will the relationship between HealthCo REIT and HomeCo be going forward?	HomeCo will maintain an ongoing relationship with HealthCo REIT with regard to the following: • the Responsible Entity is a member of the HomeCo Group; • two of the Directors are also directors of HomeCo; • the Managers are members of the HomeCo Group; • HCDL will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement; • A member of the HomeCo Group will manage the Unlisted Fund, which is expected to make co-investments with HealthCo; and • HomeCo will provide a rental guarantee in relation to Morayfield Health Hub and income guarantees in relation to Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween. Refer to Section 13.14.4 for further information.	**Section 5**

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
What will the governance arrangements of HealthCo REIT be?	The Board has established governance arrangements to ensure that HealthCo REIT is effectively managed in a manner that is properly focused on its investment objectives and the interests of Unitholders, as well as conforming to regulatory and ethical requirements. HealthCo REIT has adopted a framework in compliance with the latest edition of the ASX Recommendations, to the extent applicable to externally managed entities.	**Section 5**
What is the Unlisted Fund?	HomeCo is targeting the establishment of the Unlisted Fund, in addition to HealthCo REIT. The Unlisted Fund will be externally managed by HomeCo and will have a complementary investment objective to HealthCo REIT, in seeking a diversified exposure across the Model Portfolio subsectors, as well as diversity across tenants and geographies. If the Unlisted Fund is not established by the end of December 2021 (subject to any extension to this date under the Co-Investment Framework Agreement described in Section 13.6), HomeCo will retain its interests in the co-invested assets (Camden and Proxima Southport) and will provide HealthCo REIT with a right of first refusal against these assets.	**Section 2.4**
What are the benefits of the Unlisted Fund to HealthCo REIT?	The establishment of the Unlisted Fund may assist HealthCo REIT in accessing a larger pool of investment opportunities through the potential to: • jointly acquire assets or portfolios, particularly where the size of these would otherwise be prohibitive for HealthCo REIT; and • acquire assets from the Unlisted Fund (subject to the Conflicts of Interest and Related Party Transactions Policy).	**Section 2.4**

1.5. Financial information

TOPIC	SUMMARY	REFERENCE
What will be HealthCo REIT's forecast FFO and distribution yield?	HealthCo REIT is expected to generate pro-forma Funds From Operation (**FFO**) of approximately $8.9 million for the 6 months to 30 June 2022. HealthCo REIT is forecast to deliver an annualised Distribution Yield (based on the Offer Price) of 4.5% for the period from Completion to 30 June 2022, with 100% of the forecast FY22 distributions expected to be tax deferred.	**Section 6.3**

<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>REFERENCE</th></tr>
<tr><td>What is HealthCo REIT's distribution policy?</td><td>
As HealthCo REIT's portfolio stabilises, its payout ratio is expected to exceed 100% of FFO. Once its portfolio is fully stabilised and Gearing is within the 30% to 40% target range, HealthCo REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO.
This payout ratio may be varied at the Responsible Entity's discretion, including in circumstances where HealthCo REIT has identified value-accretive investment opportunities including, among other things, developments and acquisitions.
The Responsible Entity retains the discretion to vary the distribution policy based on the financial position of HealthCo REIT at the time the Directors assess whether to pay a distribution.
HealthCo REIT intends to pay distributions quarterly, with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December. The table below sets out the expected distribution schedule:
<table>
<tr><th>Quarter ending</th><th>Paid by</th></tr>
<tr><td>31 March</td><td>31 May</td></tr>
<tr><td>30 June</td><td>31 August</td></tr>
<tr><td>30 September</td><td>30 November</td></tr>
<tr><td>31 December</td><td>28 February</td></tr>
</table>
The first distribution is expected to be paid in February 2022 and is expected to be a pro rata amount based on the period between Completion and 31 December 2021.
</td><td>Section 2.8</td></tr>
<tr><td>What is the NTA per Unit on Completion?</td><td>HealthCo REIT's NTA per Unit on Completion will be equal to $1.86.</td><td>Section 6.4</td></tr>
<tr><td>What is the Gearing policy of HealthCo REIT?</td><td>
HealthCo REIT has adopted a target Gearing range of 30% to 40%.
HealthCo REIT will have a net cash position on Completion and ample funding capacity for accretive acquisitions and developments.
HealthCo REIT has received credit approved long form term sheets from two leading Australian banks for a new senior secured syndicated Debt Facility totalling $400 million.
</td><td>Section 2.7.1
Section 2.7.3</td></tr>
<tr><td>What is HealthCo REIT's hedging policy?</td><td>To manage interest rate risk, HealthCo REIT may choose to have a portion of its total borrowings on a fixed interest rate basis. In deciding the appropriate level of interest rate hedging, HealthCo REIT will monitor market conditions on a regular basis.</td><td>Section 2.7.2</td></tr>
</table>

1. Investment overview (continued)

1.6. Overview of the Offer

TOPIC	SUMMARY	REFERENCE
What is the Offer?	Under the Offer, the Responsible Entity intends to issue 325 million New Units at the Offer Price of $2.00 per New Unit, raising proceeds of $650 million.[47] Each New Unit issued under this PDS will, from the time it is issued, rank equally with all other Units on issue.	**Section 8**
What is the structure of the Offer?	The Offer comprises: • the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions; • the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of participating Brokers who have received a firm allocation of Units from their Broker; and • the Priority Offer, which is open to select investors who have received a personal invitation from HealthCo REIT and is capped at $30 million. Members of the public wishing to subscribe for New Units under the Offer must do so through a Broker.	**Section 8.6**
Is the Offer underwritten?	The Offer is fully underwritten by Macquarie Capital and Morgan Stanley in accordance with the terms of the Underwriting Agreement.	**Section 8.11**
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers of the Offer are Macquarie Capital, Morgan Stanley and Morgans. National Australia Bank is acting as Retail Joint Lead Manager.	**Section 8.6**
How will proceeds of the Offer be used?	The proceeds from the Offer will be used as set out below:	**Section 8.5**

Sources and uses of proceeds, including the Offer and HomeCo investment[48]

Sources of funds	A$ 000s	Uses of funds	A$ 000s
Cash proceeds from the Offer	520,000	Acquisitions[49]	554,787
Equity (HomeCo investment in the REIT)	130,000	Transaction costs[49]	51,413
Debt Facility (drawn)	–	Working capital	43,799
Total sources	**650,000**	**Total uses**	**650,000**

47. Total offer size of $650 million includes subscription by HomeCo of $130 million representing 65 million Units or 20% of total Units on issue on Completion.
48. Pro forma including the Contracted Acquisitions.
49. To consist of payments to third parties in relation to the Contracted Acquisitions, the Properties in the Portfolio which are expected to settle at completion of the Offer and full repayment of inter-company loans to HomeCo (reflecting costs spent in relation to the Properties in the Portfolio which are owned and being seeded by HomeCo).

TOPIC	SUMMARY	REFERENCE
What will HealthCo REIT's unitholding structure be on Completion?	Details of the ownership of Units following Completion are set out below:	**Section 8.2.1**

	On Completion		
	Number of Units	Value ($)	% total
HomeCo[50]	65,000,010	130,000,020	20.0%
New Unitholders (excluding Directors, Management and Advisory Panel Members)	258,675,000	517,350,000	79.6%
Directors, Management and Advisory Panel Members	1,478,603	2,957,206	0.5%
Total	**325,153,613**	**650,307,226**	**100.0%**

TOPIC	SUMMARY	REFERENCE
Will the Units be quoted on ASX?	The Responsible Entity will apply, within seven days of the date of the PDS, for admission of HealthCo REIT to the Official List and the quotation of Units on ASX under the code "HCW". Completion is conditional on the ASX approving this application. If approval is not given, the Offer will be withdrawn and all Application Monies received will be refunded as soon as practicable without interest (in accordance with the Corporations Act).	**Section 8.14**
Will the Offer be extended into New Zealand?	Yes. All Units offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime. No offer of Units is being made to investors in New Zealand until such time as the relevant notice and accompanying documents required to be lodged under the Mutual Recognition Regime have been lodged. Investors in New Zealand should refer to the Warning for New Zealand Investors in the Important information section of this PDS.	**Important Information**
When can I sell my Units on the ASX?	It is expected that Units will commence trading on ASX on a normal settlement basis on or about 6 September 2021. It is the responsibility of the Applicants to confirm their allocation of Units prior to trading in Units. Unitholders who sell Units before they receive their holding statements do so at their own risk.	**Section 8.6**
How can I apply?	Applicants under the Broker Firm Offer may apply for Units by completing and lodging a valid Application Form attached to or accompanying this PDS with the Broker who invited them to participate in the Offer. Applicants under the Priority Offer will be invited to apply by the Responsible Entity and should follow the personalised instructions provided. Under the Institutional Offer, Institutional Investors have been, or will be, invited to commit to the Joint Lead Managers to acquire Units.	**Section 8.7** **Section 8.8** **Section 8.9**

50. HomeCo to target an investment of 20% in HealthCo REIT. Actual ownership may be higher.

1. Investment overview (continued)

TOPIC	SUMMARY	REFERENCE
When do I apply?	Applicants under the Broker Firm Offer and Priority Offer will only be accepted during the Offer Period, which is open from 9.00am (Sydney Time) on 12 August 2021 to 5.00pm (Sydney Time) on 27 August 2021 (unless a later application is expressly permitted by the Responsible Entity). All times and dates referred to in this PDS are subject to change and as such if you wish to participate in the Offer, you are encouraged to submit your Application Form as soon as possible.	**Section 8.7** **Section 8.8**
What are the minimum and maximum Application amounts?	For Applicants under the Broker Firm Offer and the Priority Offer, the minimum Application amount is $2,000 worth of Units in aggregate and in increments of at least $500 thereafter. Applicants under the Institutional Offer have been provided with information regarding the Institutional Offer by the Joint Lead Managers. There is no maximum Application amount, however you may be subject to scale back.	**Section 8.7** **Section 8.8** **Section 8.9**
What is the allocation policy?	The allocation of Units between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Responsible Entity in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Section 8.8.4. Institutional Offer: The allocation of Units among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. Broker Firm Offer: The Responsible Entity has adopted an allocation policy requiring Brokers with existing HomeCo Securityholder retail clients to prioritise the allocation of Units to such clients, in order to ensure they have an opportunity to invest in HealthCo and retain exposure to the Portfolio. However, it will be a matter for each Broker as to how they allocate Units among their eligible retail clients. The Responsible Entity, in consultation with the Joint Lead Managers, reserve the right to reject or scale back Applications in the Broker Firm Offer. Priority Offer: Allocations under the Priority Offer will be determined by the Responsible Entity in consultation with the Joint Lead Managers. The Responsible Entity, in consultation with the Joint Lead Managers, reserves the right to reject or scale back an Application in the Priority Offer. The Priority Offer is capped at $30 million. The Responsible Entity reserves the right to decline any Application in whole or in part, without giving any reason. Applicants whose Applications are accepted in full will receive the whole number of Units calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Units to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Responsible Entity.	**Section 8.7** **Section 8.8** **Section 8.9**

TOPIC	SUMMARY	REFERENCE
Can the Offer be withdrawn?	Yes. The Responsible Entity may withdraw the Offer at any time before the issue of Units to successful Applicants under the Offer. If the Offer or any part of it does not proceed, all relevant Application Monies will be refunded in full, without interest (in accordance with the Corporations Act).	**Section 8.13**
Is there a cooling-off period?	Cooling-off rights do not apply to Applications. Once you lodge an Application, you cannot withdraw it (other than in certain limited circumstances permitted by law).	**Important information**
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about 2 September 2021. Refunds (without interest) to Applicants who make an Application and receive an allocation of Units, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.	**Section 8.6**

1.7. Taxation

TOPIC	SUMMARY	REFERENCE
What are the taxation implications of investing in the Units?	There may be tax implications arising from Applications for Units. Summaries of certain Australian tax consequences of participating in the Offer and investing in Units are set out in Section 11. These implications will differ depending on the individual circumstances of the Applicant. Applicants should obtain their own professional taxation advice about the consequences of investing.	**Section 11**

1. Investment overview (continued)

1.8. Transaction costs

TOPIC	SUMMARY	REFERENCE
What are the fees and costs associated with the Offer?	Total transaction costs are expected to be approximately $51 million. Transaction costs will be paid by the Responsible Entity from the proceeds of the Offer. Included in the transaction costs are stamp duty costs which are expected to be $22 million.	**Section 12**
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Units under the Offer.	**Section 8.6**

1.9. Further information

TOPIC	SUMMARY	REFERENCE
Where can I find more information about the Offer?	If you have further enquiries or questions relating to aspects of this PDS or the Offer, please contact the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before making a decision to invest. The risks associated with an investment in HealthCo REIT are outlined in Section 7.	**Corporate Directory**

Section 2.

Overview of HealthCo REIT

2. Overview of HealthCo REIT

2.1. Overview of HealthCo REIT

HealthCo REIT will be a real estate investment trust listed on the ASX with a mandate to invest in real estate focused on the healthcare and wellness sectors. Within these sectors, HealthCo REIT will seek a diversified exposure across:

- Hospitals;
- Aged Care;
- Childcare;
- Government, Life Sciences & Research; and
- Primary Care & Wellness.

HealthCo REIT's objective is to provide Unitholders with exposure to a diversified portfolio underpinned by attractive megatrends, targeting stable and growing distributions, long-term capital growth and positive environmental and social impact.

The megatrends underpinning long-term demand for the healthcare and wellness sectors include[51]:

- an ageing population with higher rates of healthcare related spend per capita;
- growing government expenditure to support health and social welfare services;
- technological changes and improvements in detection and treatment of illnesses contributing to increasing utilisation of health services; and
- evolving consumer preferences including increased health literacy and changing social behaviours driving greater consumption of health services.

For further information on HealthCo REIT's target sectors refer to Section 4.

To achieve its objective, HealthCo REIT's strategy is to:

- maintain a diversified exposure across geographies, tenants and target subsectors of healthcare and wellness;
- target defensive income characteristics including long leases, contracted rental escalations (including fixed and CPI escalations), sustainable rents and strong tenant covenants;
- pursue accretive acquisition and development opportunities to scale the Portfolio and enhance returns; and
- maintain an appropriate capital structure with a target Gearing range of 30 to 40%.

A summary of HealthCo REIT's portfolio is outlined below with further detail provided in Section 3.

51. L.E.K. Consulting.

Key Portfolio statistics[52]	
Number of Properties	27
Fair value[53]	$555 million
WACR[54]	5.34%
Occupancy[55]	96%
WALE[56]	9.4 years
WARR[57]	3.0%
Cash collection[58]	99%
National tenants[59]	71%

2.2. Investment strategy and portfolio construction

2.2.1. Investment philosophy

HealthCo REIT's investment philosophy is to invest in a diversified portfolio of high quality healthcare and wellness property assets exposed to attractive megatrends which are expected to support long-term demand for essential health services. The Portfolio has been constructed with reference to the Model Portfolio (see Section 2.2.2). The objective of the Model Portfolio strategy is to provide stable and growing distributions and capital growth. HealthCo REIT aims to deliver enhanced returns through active capital deployment into accretive acquisitions and developments which improve the risk return profile of the Portfolio.

The initial construction of the Portfolio has been informed by the Model Portfolio composition. Whilst maintaining these principles, the Portfolio's composition will evolve over time, as the Responsible Entity continues to respond to changing trends in the healthcare and wellness sectors.

2.2.2. Model Portfolio construction

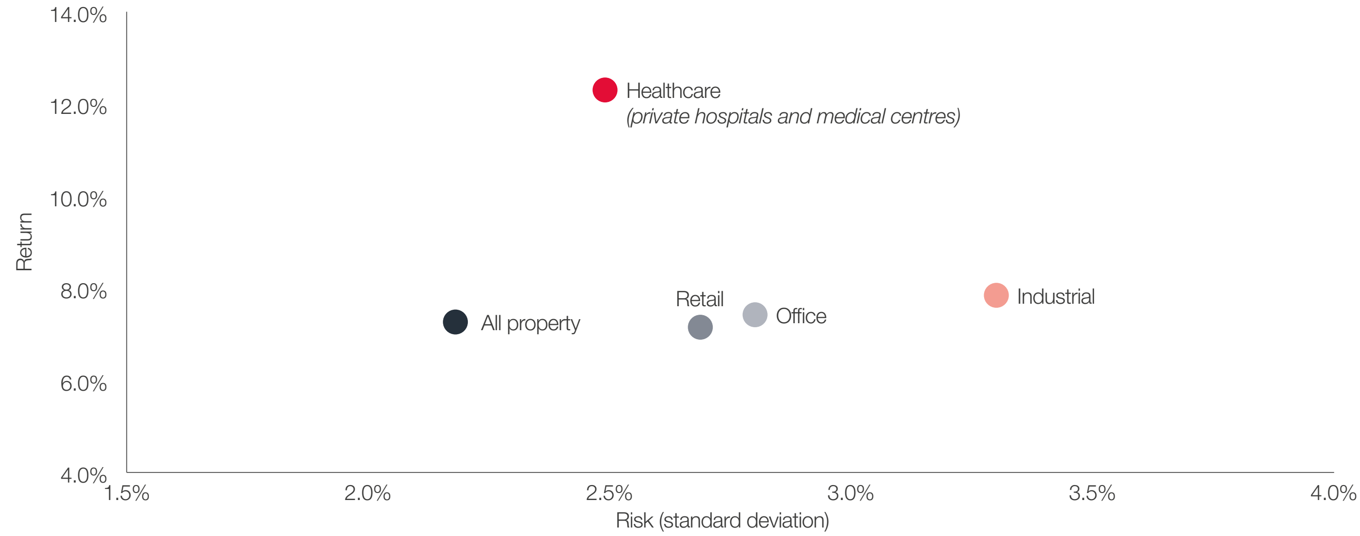
The Model Portfolio currently consists of the five key subsectors of Hospitals; Aged Care; Childcare; Government, Life Sciences & Research; and Primary Care & Wellness. Over time, the Responsible Entity may deem it necessary to broaden the scope of the Model Portfolio into other healthcare and wellness adjacencies or countries[60]. Moreover, whilst HealthCo REIT currently seeks to balance its exposure across the Model Portfolio subsectors, the actual composition of the Portfolio may differ at any given point in time. Refer to Section 3 for detail around the current Portfolio composition.

The Model Portfolio targets exposure to healthcare and wellness property, which includes private hospitals and medical centres among other subsectors. Private hospitals and medical centres represent approximately 29% of the Portfolio (by income) and private hospitals are expected to be a significant component of new property investment over the next 20 years[61]. Private hospitals and medical centres have displayed relatively low levels of correlation and superior risk-adjusted returns relative to traditional property sectors.

52. Including the Contracted Acquisitions.
53. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
54. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
55. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
56. By gross income. Includes signed leases and MoUs across all operating and development assets.
57. For leases with fixed escalations (including higher of CPI and fixed), which comprise 85% of gross income.
58. For the 6 months to 30 June 2021 across existing leases on operating assets.
59. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
60. Subject to a 10% cap on foreign investments (by value).
61. L.E.K. Consulting.

2. Overview of HealthCo REIT (continued)

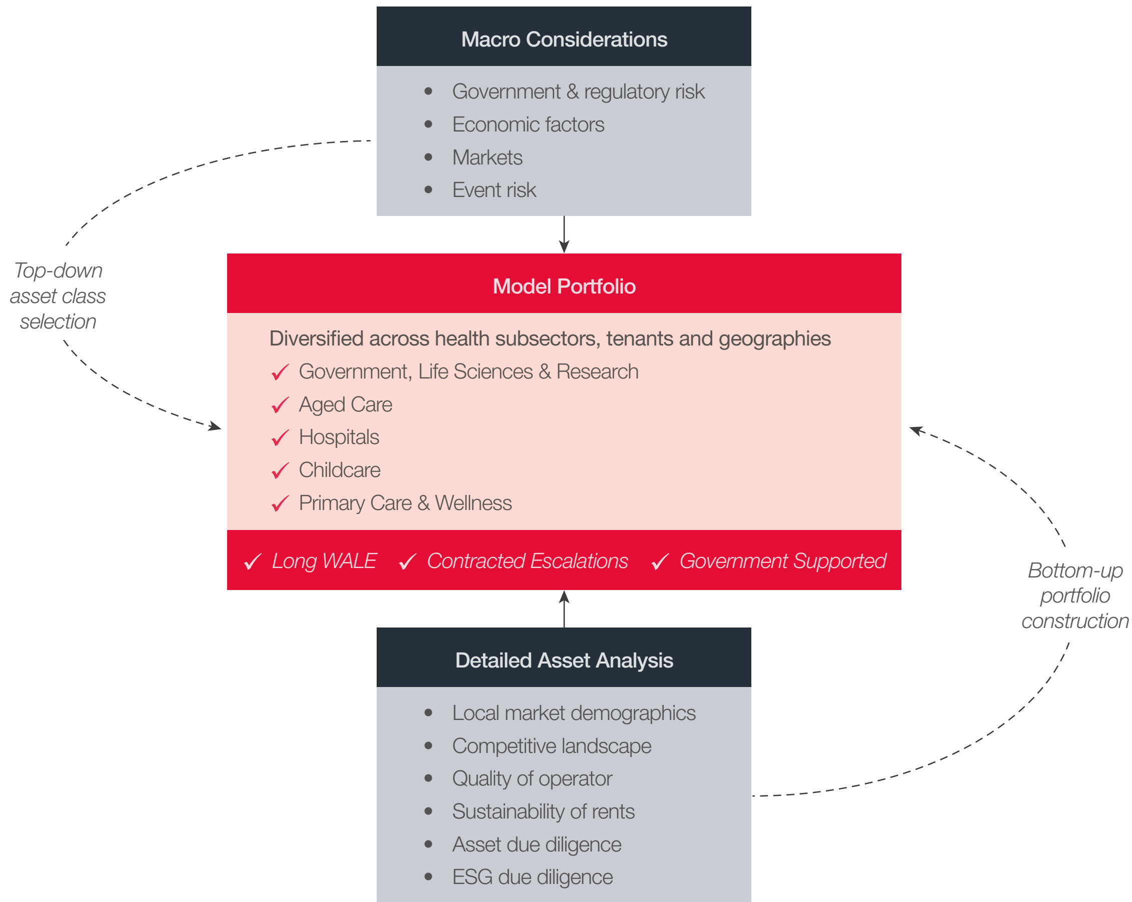
Total returns and volatility by sector (Q1 2007 – Q4 2020)[62]



Source: RIA.

2.2.3. Investment process

As outlined in the illustration below, HealthCo REIT's investment process involves detailed top-down and bottom-up analysis.



62. Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis.

Part of HealthCo REIT's strategy is to grow the Portfolio through acquisitions of both stabilised properties as well as development opportunities with potential to unlock value in the future. HealthCo REIT will leverage HomeCo's expertise and capabilities to identify and execute on opportunities within the healthcare and wellness property sectors.

Each acquisition opportunity will be assessed against the following investment criteria, subject to HealthCo REIT's stated objective and strategy:

- standalone property fundamentals including physical asset attributes, location and scale;
- security of income based on lease terms, tenant covenant and estimated asset replacement cost;
- enhancing subsector, tenant and geographic diversification;
- complementary to the existing Portfolio and the Model Portfolio;
- financial impact and ability to generate an attractive risk-adjusted return; and
- potential to enhance returns through asset management or development.

Investment decisions will be supported by a detailed due diligence process including utilising third party advisers where relevant, financial analysis, asset strategy, risk assessment and market review.

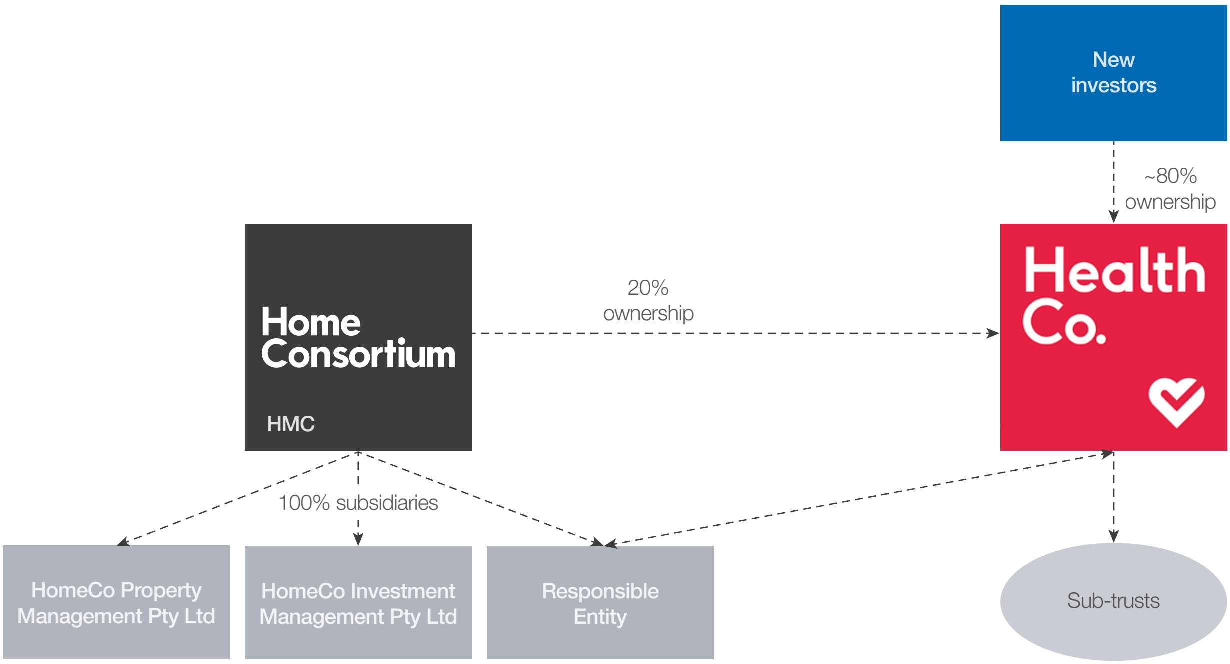
2.3. Establishment and structure of HealthCo REIT

HealthCo REIT will be externally managed. The Responsible Entity is HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) with management services under the Management Agreements provided by HomeCo Property Management Pty Limited and HomeCo Investment Management Pty Limited, wholly owned subsidiaries of HCDL. For further detail around the Management Agreements refer to Section 13.3 and 13.4.

HealthCo REIT has been registered as a managed investment scheme, which is currently wholly owned by HomeCo, an ASX-listed owner, developer and manager of diversified property investments. HomeCo manages approximately a $2.3 billion national property portfolio across real estate sectors throughout Australia including retail, healthcare and social infrastructure. 23 assets of HealthCo REIT are being seeded by HomeCo in consideration for $495 million[63]. HealthCo REIT is also undertaking the remaining Acquisitions in conjunction with the Offer for $59 million, which represent the Contracted Acquisitions.

HCDL will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement.

The ownership structure of HealthCo REIT at Completion is set out below:



63. Excludes stamp duty. To be effected through full repayment of inter-company loans.

2. Overview of HealthCo REIT (continued)

2.4. Unlisted Fund

In addition to HealthCo REIT, HomeCo is targeting the establishment of an unlisted vehicle (**Unlisted Fund**). The Unlisted Fund will be externally managed by HomeCo and will have a complementary investment objective to HealthCo REIT, in seeking a diversified exposure across the Model Portfolio subsectors, as well as diversity across tenants and geographies. This strategy reflects the breadth of potential investment opportunities and the strong level of investor demand for these sectors.

HealthCo REIT and HomeCo have entered into a Co-Investment Framework Agreement on the terms set out in Section 13.6. The terms of the Co-Investment Framework Agreement will govern the co-investment framework proposed to be in place between the REIT and the Unlisted Fund once the Unlisted Fund is established. If the Unlisted Fund is not established by the end of December 2021 (subject to any extension to this date under the Co-Investment Framework Agreement described in Section 13.6), HomeCo will retain its stake in the co-invested assets (Camden and Proxima Southport) and will provide HealthCo REIT with a right of first refusal against these assets.

Under the Co-Investment Framework Agreement, certain assets to be acquired in the future after Completion (being the Joint Assets) will be jointly owned by both HealthCo REIT and the Unlisted Fund. HealthCo REIT will have a greater focus on targeting stabilised assets delivering consistent and growing distributions. The Unlisted Fund will target larger assets with a focus on generating total returns through both capital growth and distributions including through greenfield developments. The Investment Manager and the fund manager of the Unlisted Fund will exercise discretion in relation to the allocation policy for individual assets, with reference to the Model Portfolio and funding capacity of the REIT and the Unlisted Fund at the time investment decisions are considered and evaluated. Refer to Section 13.6.3 for further information on the allocation policy.

Each of HealthCo REIT and the Unlisted Fund will have a right of first refusal to acquire the other's interest in any Joint Assets as and when such interests become available. Refer to Sections 13.6.4 and 13.6.5 for further details.

In addition to the allocation policy under the Co-Investment Framework Agreement, to the extent that the Unlisted Fund offers other co-investment opportunities, the REIT will have first priority on such opportunities.

HomeCo is committed to a high standard of corporate governance for its investors. Both HealthCo REIT and the Unlisted Fund will have their own separate boards. All transactions between HealthCo REIT and the Unlisted Fund will be carried out on an arm's length basis and subject to all required approvals (if any) and the Conflicts of Interest and Related Party Transactions Policy.

2.5. Benefits of an investment in HealthCo REIT

2.5.1. High quality property portfolio providing diversified healthcare exposure

The Portfolio is diversified across 27 assets[64], valued at $555 million[65] with a WACR of 5.34%[66]. The Portfolio is diversified across health and wellness subsectors with the top 20 tenants representing approximately 83% of Portfolio income[67].

Key features of the Portfolio include:

- strategically located with 97% of Properties in eastern seaboard States of NSW, VIC and QLD;
- high quality tenant covenants with national tenants comprising 71% of income[68];
- long-term leases with a WALE of 9.4 years[69];
- 96% occupancy[70];
- attractive lease structures with embedded rental growth (including fixed and CPI escalations); and
- 99% cash collection[71].

64. Including the Contracted Acquisitions.
65. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price.
66. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
67. See Section 3 for a summary of the top 20 tenants by income.
68. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
69. By gross income. Includes signed leases and MoUs across all operating and development assets.
70. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
71. For the 6 months to 30 June 2021 across existing leases on operating assets.

2.5.2. Exposure to attractive megatrends

Healthcare and wellness property is a defensive asset class underpinned by megatrends including an ageing population, non-cyclical growth in healthcare expenditure, technological progress and increased consumption of healthcare and wellness services.

Population demographics are relevant drivers for HealthCo REIT given the Portfolio is 97% concentrated across Australia's eastern seaboard States (NSW, VIC and QLD), which comprises approximately 78% of the total Australian population[72]. The Australian over-65 population is expected to increase by 2.7% per annum from FY19 to FY30[73]. The number of people in the very aged cohort (aged 85 years and over) is projected to increase by 3.8% per annum from FY19 to FY30[74].

In addition, HealthCo REIT's income stream is diversified across tenants which benefit from strong and growing government funding. Hospitals, aged care, primary and specialty care, as well as the research and childcare subsectors, which comprise a significant portion of the Model Portfolio, accounted for $194 billion of total expenditure in FY19 and have been growing at approximately 4.3% per annum (in aggregate)[75]. These sectors are seen as providing essential services to the community with property and associated infrastructure being critical elements in the delivery of these services.

Furthermore, the sector is also supported by advancements in medical technology and increased consumer demand. As life expectancy increases, driven in part by improvements in medical technologies, individuals' reliance on healthcare services including aged care, hospitals and specialised healthcare services is also expected to increase. In addition, increased health literacy about conditions and treatments is driving, and is expected to continue to drive, greater utilisation and demand for health services.

HealthCo REIT's exposure to the Model Portfolio subsectors is expected to benefit from these key megatrends.

Refer to Section 4 for further information on the sector.

2.5.3. HealthCo is targeting stable and growing distributions supported by long-term leases to high quality operators with embedded rental growth

HealthCo REIT is forecast to have an FY22 annualised Distribution Yield (based on the Offer Price) of 4.5% for the period from Completion to 30 June 2022 with 100% of the forecast FY22 distributions expected to be tax deferred.

HealthCo REIT's objective of delivering stable and growing distributions is supported by the following Portfolio characteristics:

- embedded annual rental growth (weighted average rent review 3.0%[76] per annum and 15% of the initial portfolio benefiting from CPI escalations[77]); and
- high quality tenant covenants with national tenants comprising 71% of income[78].

2.5.4. Positioned for further accretive growth

HealthCo REIT aims to deliver enhanced returns through active capital deployment into accretive acquisition and development opportunities which improve the risk profile and return prospects of the portfolio.

2.5.4.1. Acquisition opportunities

HomeCo's proven acquisition track record, expertise and relationships provides a strong platform for HealthCo REIT to take advantage of acquisition opportunities within healthcare and wellness property sectors, which are largely fragmented, providing opportunities to grow market share. The current value of property assets in Australia targeted as part of the Model Portfolio is estimated at $218 billion[79]. HealthCo REIT's diversified approach to portfolio construction is expected to provide a broader opportunity set compared to a sector specialist approach.

72. ABS, National, state and territory population, September 2020.
73. ABS, *Population Projections 2017*, released 22 November 2018 (accessed April 2021).
74. ABS, *Population Projections 2017*, released 22 November 2018 (accessed April 2021).
75. ACFA Annual reports 2010-19; 2020–21 Science, Research and Innovation (SRI) Budget Tables; Early Childhood and Child Care Summary Quarterly reports 2014-18, Child Care in Australia Quarterly Reports 2018-19; AIHW, *Health Expenditure Australia 2018-19*.
76. For leases with fixed escalations (including higher of CPI and fixed), which comprise 85% of gross income.
77. Includes leases that are CPI-linked only.
78. By gross income for signed leases and signed MoUs. Includes both national tenants and government departments.
79. L.E.K. Consulting. Comprises assets across hospital, residential aged care, primary and specialty care, childcare and life sciences and innovation.

2. Overview of HealthCo REIT (continued)

2.5.4.2. Development opportunities

HealthCo REIT will seek to grow its Portfolio by pursuing new development opportunities and redevelopments across its existing Portfolio. The REIT may pursue developments on a fund-through basis or by taking direct development exposure. It is estimated that more than $87 billion of new property investment will be required to meet future demand needs (at current utilisation levels) in the hospital, residential aged care and childcare subsectors over the next 20 years[80]. HealthCo REIT's pipeline of value enhancing development opportunities include:

- **Pad sites:** Pad developments are the construction of new standalone tenancies on the land adjoining the existing building. A number of HealthCo REIT's assets have excess land area, providing opportunities to include additional tenancies.
- **Fund-throughs:** Fund-through developments involve the developer selling the property prior to the commencement of the development, with the acquirer funding development costs throughout the construction period.

The table below summarises HealthCo's development plans at Camden, Proxima Southport, Springfield and St Marys.

Camden	**Stage 1 – 'The George' Private Hospital**
Description	• 78 bed private hospital, specialising in paediatrics and maternity
Operator	• Acurio Health Care (100% leased)
Lease terms	• 15 year lease, 3 x 15 year options • Triple net lease, CPI escalation, security guarantees from operator group Acurio Health Care
Construction	• Fixed price D&C from BuildCorp • Total investment – $80 million (100% basis)[81], completion in early 2023
Target return	• ~6% unlevered IRR
Ownership (today)	• 25%REIT, 25% Unlisted Fund/HomeCo, 50% Acurio Health Care
Ownership (completion)[82]	• Minimum 41% REIT, minimum 41% Unlisted Fund/ HomeCo, Up to 18% Acurio Health Care
	Stages 2 & 3 – Bio Medical & Hospital Precinct
Description	• Longer term opportunity to develop a major medical precinct with a potential end value of $500+ million including Stage 1 • Project has NSW Government State Significant status
Target return	• ~7% unlevered IRR
Ownership (today)	• Stage 2: 25% REIT, 25% Unlisted Fund/HomeCo, 50% Acurio Health Care • Stage 3: 30% REIT, 30% Unlisted Fund/HomeCo, 40% Acurio Health Care

80. L.E.K. Consulting.
81. A minimum of $35 million will be funded by HealthCo REIT.
82. Ownership on completion is based on minimum capex funding agreed to by HealthCo REIT and the Unlisted Fund/HomeCo. Ownership on completion may increase subject to final capex funding contribution.

Proxima Southport

- Fund-through health hub development in the emerging Gold Coast Health and Knowledge precinct, with key tenants including the Queensland Government, Griffith University, a medical centre and childcare facility.
- Once complete, the property will sit adjacent to The Gold Coast University Hospital, Gold Coast Private Hospital and the expanding Griffith University campus.
- The development risk is mitigated by:
  - a fixed price design and construct contract and a development management agreement with a reputable builder/developer;
  - a coupon on incremental capex is payable by the developer; and
  - a 1-year rental guarantee and a price adjustment mechanism on completion deliver a forecast 5.65% yield.
- *Cost to complete (REIT share): $35 million*
- *Forecast completion: FY23*
- *Coupon payment: 5.65%*
- *Ownership: 50% REIT, 50% Unlisted Fund/HomeCo*

Springfield

- Development of a health hub precinct 26km south-west of the Brisbane CBD and 15km south-east of the Ipswich CBD.
- HealthCo Springfield is planned as a redevelopment of an existing property into a health hub precinct with diverse subsector exposure including childcare, primary medical and wellness tenants.
- The property has pre-commitments for over 50% of GLA. Requisite development approvals are in place with construction underway on stage 1.
- *Cost to complete: $12 million*
- *Forecast completion: FY22*
- *Target yield on cost (unlevered): >6%*

St Marys

- HealthCo St Marys is located 45km west of the Sydney CBD, in the established suburb of St Marys and on the doorstep of fast growing new residential suburbs such as Ropes Crossing.
- HealthCo St Marys is planned as a development of a health hub precinct with diverse subsector exposure including childcare, primary medical and wellness tenants.
- The proposed health hub uses are permissible with consent and the development approvals are expected in H1 FY22.
- *Target yield on cost (unlevered): >6%*

HealthCo REIT will take reasonable steps to manage development and delivery risk. This includes, but is not limited to, obtaining leasing pre-commitments, development approval and entering into fixed price contracts with builders and other service providers before commencing construction works.

2. Overview of HealthCo REIT (continued)

2.5.4.3. Co-investment opportunities

The establishment of the Unlisted Fund may assist HealthCo REIT in accessing a larger pool of investment opportunities, through the potential to jointly acquire assets or portfolios. HealthCo REIT aims to jointly invest in assets with the Unlisted Fund and will have a right of first refusal to acquire interests in Joint Assets from the Unlisted Fund as and when such interests become available.

In addition to the allocation policy under the Co-Investment Framework Agreement, to the extent that the Unlisted Fund offers other co-investment opportunities, the REIT will have first priority on such opportunities.

First close for the Unlisted Fund is targeted by the end of December 2021. If the first close is not achieved, HomeCo has the discretion to defer first close by up to 3 months or cancel the Co-Investment Framework Agreement.

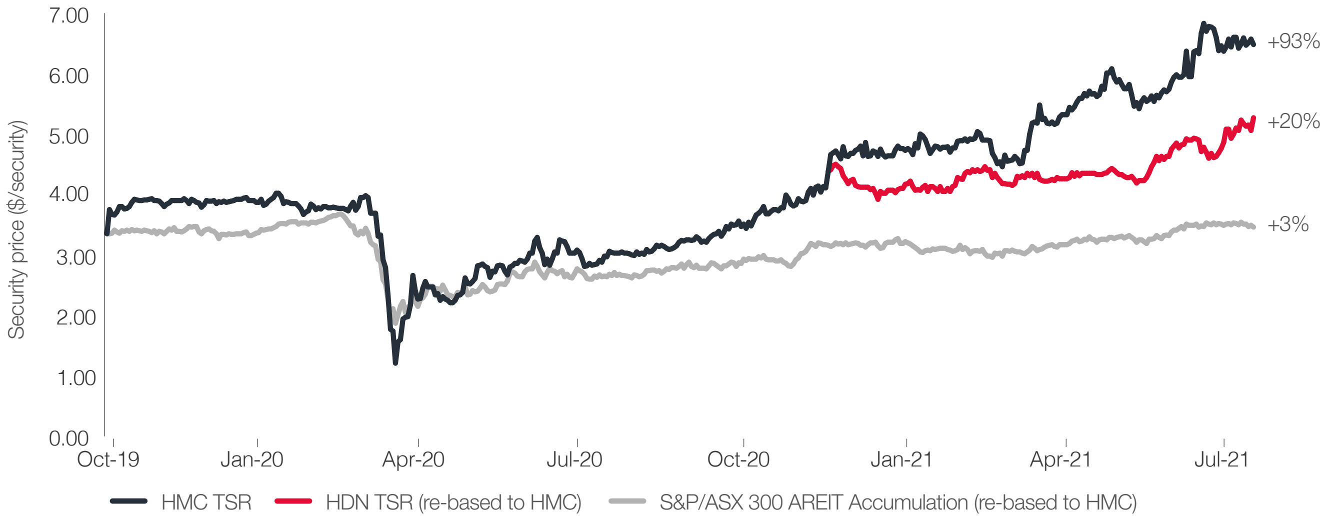
Refer to Sections 2.4 and 13.6 for further information.

2.5.4.4. Capital structure

HealthCo REIT's capital structure is supportive of growth with a net cash position on Completion and significant headroom before reaching its target Gearing range of 30% to 40%.

2.5.5. Demonstrated management expertise and alignment with HomeCo

HomeCo (ASX:HMC) is an established fund manager with a proven track record of value-add management and capital stewardship. Since its admission to the Official List in October 2019, HomeCo has been amongst the best performing constituents in the S&P/ASX300 A-REIT index. Over this period, HomeCo has delivered a total securityholder return (**TSR**) of approximately 93% compared to approximately 3% for the S&P/ASX300 A-REIT Accumulation index. In addition, since its admission to the Official List in November 2020, HomeCo Daily Needs REIT has delivered a TSR of approximately 20%.



Source: IRESS and HMC as at 19 July 2021.

The HomeCo platform comprises an experienced management team supported by more than 30 funds management professionals across key functions of asset management, finance, tax and risk management.

HomeCo has also established a specialist Advisory Panel for HealthCo REIT and the Unlisted Fund to assist with the execution of the HealthCo REIT strategy and that of the Unlisted Fund. The Advisory Panel includes leaders across the healthcare and wellness sectors and will complement the existing skills of the HomeCo management team and Directors.

HCDL will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement.

Further information on HomeCo, the management team and the Advisory Panel is contained in Section 5 of this PDS.

2.5.6. Strong corporate governance and majority independent board

The Board is comprised of a majority of independent, experienced and credentialed individuals with a diverse range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgment to Board deliberations and decisions.

2.6. Risks of an investment in HealthCo REIT

HealthCo REIT is subject to risks that are both specific to its business operations in the property industry and to those of a general nature. Many of these risks are outside the control of the Responsible Entity, the Directors and management, and if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, HealthCo REIT. Section 7 describes what the Responsible Entity currently believes to be the key risks associated with an investment in HealthCo REIT. There may be additional risks that should be considered in light of prospective investors' personal circumstances.

2.7. Financing arrangements

2.7.1. Borrowing policy

At Completion, HealthCo REIT is projected to have a net cash position.

Under the Debt Facility, HealthCo REIT's loan to value ratio must not exceed 50%. Notwithstanding this, HealthCo REIT will adopt a policy of targeting a Gearing range of 30% to 40%, with the ability to exceed the top end of the range, provided Gearing will be reduced to below 40% within a reasonable period of time.

2.7.2. Hedging policy

To manage the risk arising from the fluctuation of interest rates, HealthCo REIT may enter into fixed rate borrowings and/or interest rate swaps to convert floating rate borrowings to fixed rate borrowings.

To manage interest rate risk, HealthCo REIT may choose to have a portion of its total borrowings on a fixed interest rate basis. In deciding the appropriate level of interest rate hedging, HealthCo REIT will monitor market conditions on a regular basis.

2.7.3. Completion financing arrangements

HealthCo REIT will enter into the Syndicated Facility Agreement relating to the Debt Facility at or around Completion. The size of the Debt Facility is $400 million. It is available to fund general corporate purposes including permitted acquisitions of real property. Interest is calculated through applying a margin to the applicable base rate (being the Australian Bank Bill Swap Reference Rate).

See Section 13.13 for further details of the Debt Facility.

2.8. Distribution policy

As HealthCo REIT's portfolio stabilises, its payout ratio is expected to exceed 100% of FFO. Once its portfolio is fully stabilised and Gearing is within the 30% to 40% target range, HealthCo REIT expects to target a normalised distribution payout ratio of 90% to 100% of FFO. A payout ratio below this target may be adopted in circumstances where HealthCo REIT has identified value-accretive investment opportunities. The Board retains the discretion to vary the distribution policy.

The Responsible Entity intends to pay distributions quarterly, with Unitholders to receive distributions within 2 months following the end of each distribution period, being the three months ending 31 March, 30 June, 30 September and 31 December. The first distribution is expected to be paid in February 2022 and is expected to be a pro rata amount based on the period between Completion and 31 December 2021. The table below sets out the expected distribution schedule:

Quarter ending	Paid by
31 March	31 May
30 June	31 August
30 September	30 November
31 December	28 February

The Responsible Entity will continue to monitor the appropriateness of the distribution policy to ensure that it meets the ongoing objectives of HealthCo REIT and is in the best interests of Unitholders.

2. Overview of HealthCo REIT (continued)

2.9. Valuation policy

2.9.1. Valuation basis

HealthCo REIT values its Properties on the basis of fair value.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

2.9.2. Frequency of valuation

The Responsible Entity expects to conduct an investment property valuation process on a semi-annual basis.

Independent valuations are obtained on a rotational basis to ensure each Property is valued at least once every 24 months by an independent external valuer. For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when HealthCo REIT's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow and capitalisation methods.

All independent valuations are presented to the Audit and Risk Committee and the Board or a committee of the Board appointed for such purpose.

2.10. Reporting

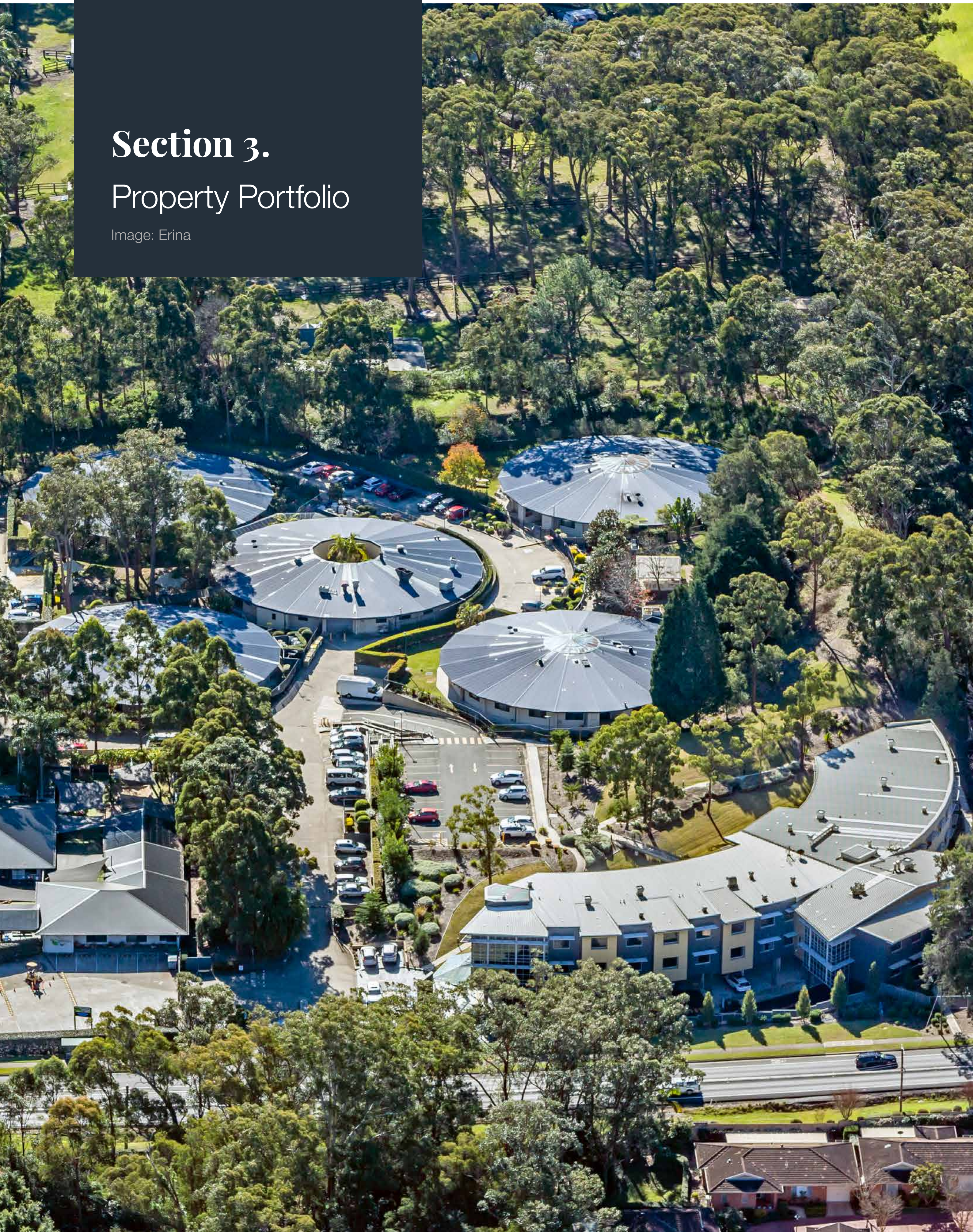
For accounting and reporting purposes, HealthCo REIT will report on a 30 June financial year basis. Formal reporting will be provided to Unitholders as at 30 June (full year) and 31 December (interim) each year.

An annual consolidated financial report of HealthCo REIT will be provided to Unitholders in accordance with the Corporations Act. The annual consolidated financial report will be audited whilst the interim financial report will be subject to review by the Auditor.

Section 3.

Property Portfolio

Image: Erina



3. Property Portfolio

3.1. Introduction

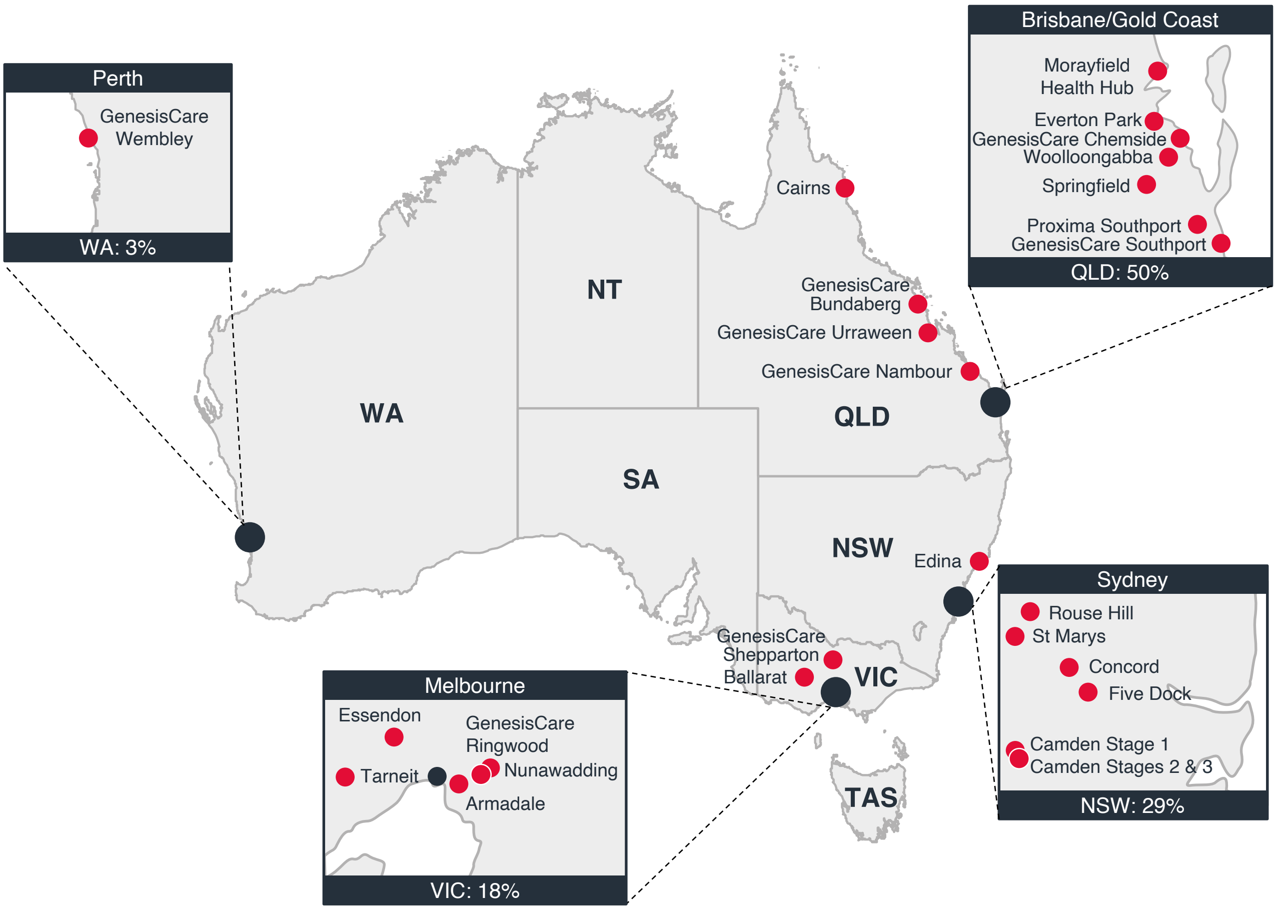
The Portfolio will, on completion of all the Acquisitions, consist of 27 assets with a fair value of approximately $555 million[83]. The Portfolio will have a weighted average capitalisation rate of 5.34%[84], a WALE of 9.4 years[85] and will be 96% occupied[86]. The table below summarises the key metrics for each asset in the Portfolio.

Asset summary[87]

Asset	State	Classification	Fair value[83]	Cap rate[84]	Site Area (sqm)	WALE[85]	Occupancy[86]	Ownership
Armadale	VIC	Operating[88]	$18m	5.00%	2,004	15.3	100%	100%
Ballarat	VIC	Operating[89]	$34m	6.25%	38,897	8.5	81%[90]	100%
Cairns	QLD	Operating	$36m	6.50%	27,200	10.2	93%	100%
Camden (3 stages)	NSW	Development	$15m	n/a	49,534	16.3	n/a	28%[91]
Concord	NSW	Operating	$15m	4.75%	1,657	12.7	100%	100%
Erina	NSW	Operating	$35m	6.25%	33,280	9.0	100%	100%
Essendon	VIC	Operating	$10m	4.75%	1,911	9.8	100%	100%
Everton Park	QLD	Operating	$20m	5.00%	2,629	13.2	100%	100%
Five Dock	NSW	Operating	$10m	5.50%	1,391	4.1	100%	100%
GenesisCare portfolio (8 properties)	QLD, VIC, WA	Operating	$110m	4.45%	12,606	10.3	100%	100%
Morayfield Health Hub	QLD	Operating	$110m	5.38%	58,164	5.8	100%	100%
Nunawading	VIC	Operating	$13m	5.00%	2,139	14.9	100%	100%
Proxima Southport	QLD	Development	$5m	5.50%	3,040	9.9	n/a	50%
Rouse Hill	NSW	Operating	$63m	5.50%	36,100	6.5	100%	100%
Springfield	QLD	Development	$21m	5.50%	31,030	9.0	n/a	100%
St Marys	NSW	Development	$20m	5.75%	31,860	2.2	n/a	100%
Tarneit	VIC	Operating	$8m	5.00%	2,907	14.3	100%	100%
Woolloongabba	QLD	Operating	$13m	5.50%	1,237	11.6	100%	100%
Total 27 Properties			**$555m**	**5.34%**	**337,586**	**9.4**	**96%**	

83. Based on independent valuations as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at purchase price. The fair value of $555 million includes the Contracted Acquisitions ($59 million) which are not included on the Pro Forma Statement of Financial Position at the Completion Date because they are not forecast to settle by that date.
84. Based on independent capitalisation rates as at 31 August 2021 for all properties in the Portfolio excluding Armadale, Nunawading and the GenesisCare portfolio, which are at fully leased yields. WACR excludes Camden Stages 1-3.
85. By gross income. Includes signed leases and MoUs across all operating and development assets.
86. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.
87. Including the Contracted Acquisitions.
88. Currently in construction, with HealthCo REIT to settle on the property following completion.
89. Stage 1 is open. Stage 2 is expected to open in December 2021 and includes childcare and wellness tenancies.
90. Occupancy across Stage 1 and Stage 2. Includes signed leases and MoUs.
91. Blended ownership across Stages 1 to 3. Stage 1 is owned 25% by HealthCo REIT, 25% by Unlisted Fund/HomeCo and 50% by Acurio. The REIT will own a minimum of 41% post completion. Stage 2 is owned 25% by HealthCo REIT, 25% by Unlisted Fund/HomeCo and 50% by Acurio. Stage 3 is owned 30% by HealthCo REIT, 30% by Unlisted Fund/HomeCo and 40% by Acurio.

Portfolio location (weighted by value)

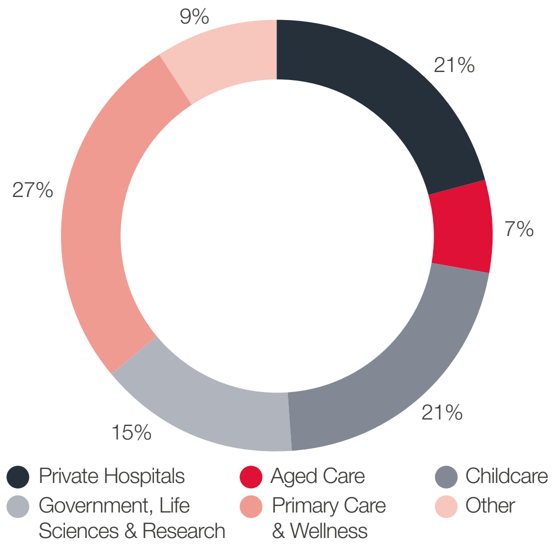


3. Property Portfolio (continued)

3.2. Portfolio composition

The Portfolio composition by subsector is outlined in the chart below. HealthCo REIT will target investment in the real estate of tenants operating within these subsectors and will not have direct exposure to the underlying operating businesses.

Subsector composition (by income)



The Primary Care & Wellness category will have exposure to medical services including GP clinics, chemists, allied health, diagnostics and specialist practices. In addition, this category will also include non-medical wellness adjacencies including gyms, play centres, vets and beauty. Including the Contracted Acquisitions, the Primary Care & Wellness category will comprise 10% medical services and 17% non-medical wellness adjacencies.

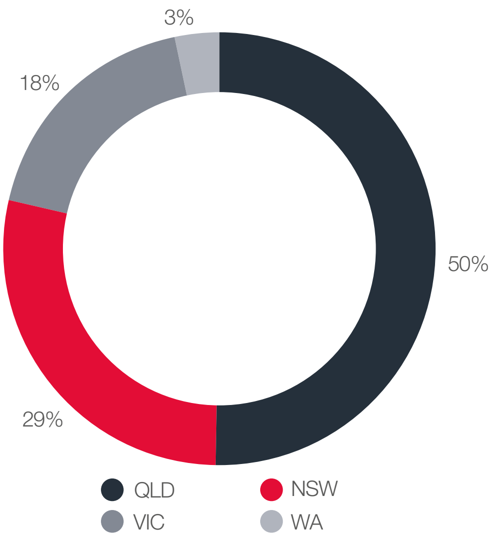
The Government, Life Sciences & Research category will have exposure to government services tenants (including non-healthcare and wellness related) as well as life sciences and research. Life Sciences & Research will target ‘innovation precincts’, or collaborative clusters of industry and research providers, often anchored by a university. Including the Contracted Acquisitions, the Government, Life Sciences & Research category will comprise 14% government services and 1% life sciences and research.

The Portfolio will contain exposure outside of healthcare and wellness, totalling 9% of income. This will comprise predominantly retail tenancies including food & beverage, large format retail and sports retail. This exposure is considered non-core and is expected to reduce over time with these tenancies repurposed and the Portfolio repositioned towards healthcare and wellness sectors.

HealthCo REIT will target a diversified exposure by subsector based on the Model Portfolio. In some instances, tenants across the target subsectors will be co-located in a single property comprising a ‘health hub’. This has the potential to bring benefits for both tenants by increasing foot traffic, and their customers through greater convenience.

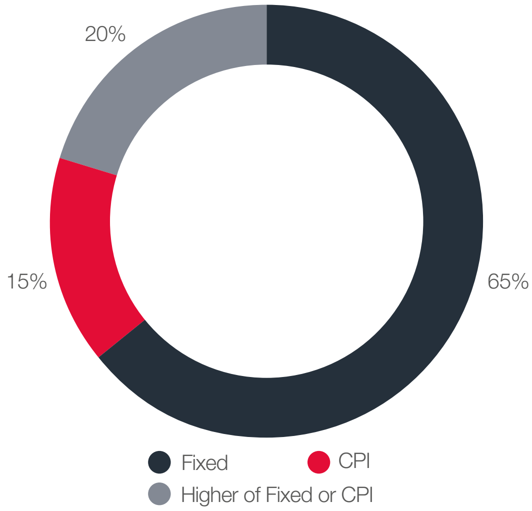
In addition, the Portfolio is diversified by geography and lease terms, as outlined in the charts below.

Geographic split (by value)



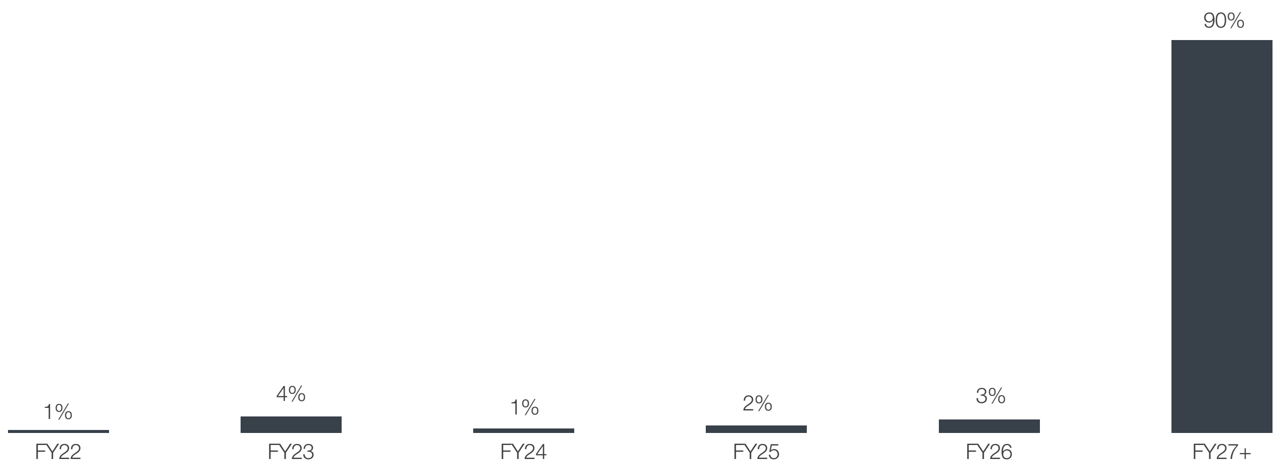
The Portfolio is diversified by State with 97% of assets located in the eastern seaboard States of NSW, VIC and QLD. Over time, the REIT will target a geographic split that is broadly in line with the national GDP contribution of each State.

Rent review composition[92]



Contracted rental growth with fixed or the higher of CPI and fixed escalations across 85% of the Portfolio, with these tenancies having a weighted average rent review of 3.0% per annum.

Lease expiry profile[93]



Long WALE of 9.4 years[94], with no more than 4% of rent expiring any one year before FY27, and 90% expiring in FY27 or later.

92. By gross income. Includes signed leases and MoUs across all operating and development assets.

93. Values may not add due to rounding.

94. By gross income. Includes signed leases and MoUs across all operating and development assets.

3. Property Portfolio (continued)

Overview of the top 20 tenants (by income)

Rank	Tenant	Category	% of income
1	GenesisCare	Hospital	15%
2	Commonwealth Government[95]	Government & Life Sciences	11%
3	Acurio Health Group[96]	Hospital	7%
4	Aurrum Aged Care	Aged Care	7%
5	Explorers Early Learning	Childcare	6%
6	Morayfield Health Hub Doctors[95]	Primary Care & Wellness	5%
7	Queensland Government[95]	Government & Life Sciences	5%
8	Guardian Childcare	Childcare	5%
9	Amart[97]	Other	3%
10	The Uniting Church[95]	Aged Care	3%
11	EMF (Fitness Centre)	Primary Care & Wellness	2%
12	Go Health Medical Centre	Primary Care & Wellness	2%
13	Endeavour Early Education	Childcare	2%
14	QML Pathology[95]	Primary Care & Wellness	2%
15	Busy Bee Childcare	Childcare	2%
16	G8 Education	Childcare	2%
17	Petstock	Primary Care & Wellness	1%
18	Harmony Early Learning	Childcare	1%
19	Aurrum Kids	Childcare	1%
20	Sanctuary Childcare	Childcare	1%
Total			**83%**

95. Tenant of Morayfield Health Hub.
96. Annualised gross income post completion of stage 1 in 2023.
97. Excludes Amart tenancy at Cairns (2% of gross income) which is considered a non-core holding over the long term.

3.3. Portfolio overview

Armadale

Address: 117 Kooyong Road, Armadale VIC

Description

Explorers Early Learning Armadale is located 7km south-east of the Melbourne CBD and comprises 168 licensed childcare places. The property is under construction and has been fully pre-let to Explorers Early Learning, with no further development expenditure required. HealthCo REIT has contracted to acquire the asset and settlement is expected to occur in December 2021. HomeCo has provided an income guarantee in relation to the asset, as detailed in Section 13.14.4.

Property information

Ownership	100%
Title	Freehold
WALE	15.3
Site area (sqm)	2,004

Fully leased yield	5.00%
Purchase price	$18m
Occupancy	100%
Subsector	Childcare

Key tenants

Explorers Early Learning

Ballarat

Address: 21-53 Learmonth Rd, Wendouree, VIC

Description

HealthCo Ballarat is a health hub precinct located 6km from Ballarat city centre. Construction is complete with the site currently in lease-up targeting a diverse subsector exposure including childcare, government, primary medical and wellness tenants.

Property information

Ownership	100%
Title	Freehold
WALE	8.5 years
Site area (sqm)	38,897

Independent cap rate (31-Aug-21)	6.25%
Independent valuation (31-Aug-21)	$34m
Occupancy	81%[98]
Subsector	Health hub

Key tenants

Australian Government Doctors&Co. aurrum kids Childcare & Preschool

98. Occupancy across Stage 1 and Stage 2. Includes signed leases and MoUs.

3. Property Portfolio (continued)

Cairns

Address: 147-161 Draper Street, Portsmith, QLD

Description

HealthCo Cairns is located 3km from Cairns city centre and is anchored by the Australian Federal Government Department of Human Services. Over time, the REIT intends to subdivide the asset, retaining the Department of Human Services tenancy.

Property information

Ownership	100%
Title	Freehold
WALE	10.2 years
Site area (sqm)	27,200

Independent cap rate (31-Aug-21)	6.50%
Independent valuation (31-Aug-21)	$36m
Occupancy	93%
Subsector	Government[99]

Key tenants[100]

Australian Government

Camden Stage 1: 'The George'

Address: 1A and 1B The Hermitage Way, Gledswood Hills, NSW

Description

Camden Stage 1 is a 78-bed integrated private hospital development, 100% pre-committed to Acurio under a 15 year lease. Construction is due to begin in 2021.

Property information

Ownership	25%[101]
Title	Freehold
WALE	16.3 years
Site area (sqm)	8,080
Forecast completion	FY23
Leasing status	100% pre-let

Independent cap rate (31-Aug-21)	n/a
Independent valuation (31-Aug-21)	$4m
Occupancy	n/a
Subsector	Hospital/Research
Cost to complete (REIT share)	$35m
Target yield on cost	~5%

Key tenants

ACURIO
HEALTH. CARE. INNOVATION.

99. Currently contains other tenancies which are undergoing repositioning.
100. Excludes Amart tenancy which is considered a non-core holding over the long term.
101. Jointly owned with Unlisted Fund/HomeCo (25%) and Acurio (50%). The REIT will own a minimum of 41% post completion.

Camden Stages 2 & 3

Address: 1C The Hermitage Way & 18 Digiteria Drive, Gledswood Hills, NSW

Description

Camden Stages 2 & 3 comprise an integrated health and innovation precinct. The site is currently in planning for a future development and has State Significant Development Approval for a mixed-use medical campus.

Property information

Ownership (Stage 2/Stage 3)	25%/30%[102]
Title	Freehold
WALE	n/a
Site area (sqm)	41,454
Forecast completion	FY25-26
Leasing status	n/a

Independent cap rate (31-Aug-21)	n/a
Independent valuation (31-Aug-21)	$11m
Occupancy	n/a
Subsector	Hospital/Research
Cost to complete (REIT share)	n/a
Target yield on cost	n/a

Key tenants

Development

Concord

Address: 173-175 Majors Bay Road, Concord, NSW

Description

Concord is a single storey 100-place childcare facility leased to Endeavour Early Learning ~10km from the Sydney CBD.

Property information

Ownership	100%
Title	Freehold
WALE	12.7 years
Site area (sqm)	1,657

Independent cap rate (31-Aug-21)	4.75%
Independent valuation (31-Aug-21)	$15m
Occupancy	100%
Subsector	Childcare

Key tenants

endeavour
early education

102. Stage 2 is jointly owned with Unlisted Fund/HomeCo (25%) and Acurio (50%). Stage 3 is jointly owned with Unlisted Fund/HomeCo (30%) and Acurio (40%).

3. Property Portfolio (continued)

Erina

Address: 351 Terrigal Drive, Erina, NSW

Description

Erina is a 250-bed residential aged care home operated by Aurrum Aged Care, 82km north of Sydney CBD. Original 181 beds were constructed in 2003 and underwent a refurbishment in 2015. A new 71 bed building Terrigal Drive opened in 2017.

Property information

Ownership	100%
Title	Freehold
WALE	9.0 years
Site area (sqm)	33,280

Independent cap rate (31-Aug-21)	6.25%
Independent valuation (31-Aug-21)	$35m
Occupancy	100%
Subsector	Aged Care

Key tenants

AURRUM AGED CARE

Essendon

Address: 138 Hoffmans Road, Essendon, VIC

Description

Essendon is a single storey 131-place childcare facility leased to Guardian Childcare & Education located ~10km from the Melbourne CBD.

Property information

Ownership	100%
Title	Freehold
WALE	9.8 years
Site area (sqm)	1,911

Independent cap rate (31-Aug-21)	4.75%
Independent valuation (31-Aug-21)	$10m
Occupancy	100%
Subsector	Childcare

Key tenants

Guardian Childcare & Education

Everton Park

Address: 455 South Pine Road, Everton Park, QLD

Description

Everton Park is a double storey medical and childcare facility located ~10km from the Brisbane CBD. The childcare facility is leased to Harmony Early Learning and supports 112 approved places.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.00%
Title	Freehold	Independent valuation (31-Aug-21)	$20m
WALE	13.2 years	Occupancy	100%
Site area (sqm)	2,629	Subsector	Childcare/Primary Care

Key tenants

Five Dock

Address: 4-8 Ramsay Road, Five Dock, NSW

Description

Five Dock is a double storey 96-place childcare facility leased to G8 Education located ~10km from the Sydney CBD.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.50%
Title	Freehold	Independent valuation (31-Aug-21)	$10m
WALE	4.1 years	Occupancy	100%
Site area (sqm)	1,391	Subsector	Childcare

Key tenants

3. Property Portfolio (continued)

GenesisCare Bundaberg

Address: 313 Bourbong Street, Bundaberg QLD

Description

GenesisCare Bundaberg is located ~350km north of Brisbane. The freestanding centre is located within the Mater Private Hospital under a land lease arrangement, providing radiation oncology and a range of allied health services. HealthCo REIT has contracted to acquire the asset and settlement is expected to occur in November 2021. HomeCo has provided an income guarantee in relation to the asset, as detailed in Section 13.14.4.

Property information

Ownership	100%	Fully leased yield	4.50%
Title	Leasehold	Purchase price	$19m
WALE	7.2 years	Occupancy	100%
Site area (sqm)	1,310	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Chermside

Address: Lot 1, 956 Gympie Road, Chermside QLD

Description

GenesisCare Chermside is located ~10km north of Brisbane within the Chermside Medical Centre, a semi-modern strata titled five-level medical centre completed in 2008. The property is a purpose-built specialised radiation oncology facility.

Property information

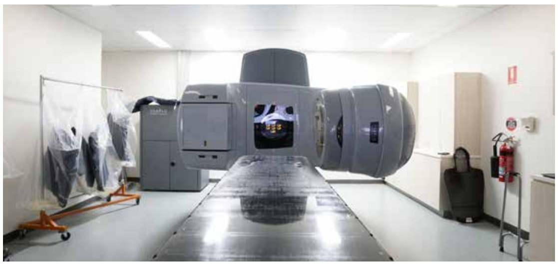
Ownership	100%	Fully leased yield	4.45%
Title	Strata	Purchase price	$12m
WALE	14.9 years	Occupancy	100%
Site area (sqm)	1,080	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Nambour

Address: 8-10 Mapleton Road, Nambour QLD




Description

GenesisCare Nambour is located ~100km north of Brisbane and ~15km west of the Sunshine Coast Airport. The property is a one level freestanding specialised radiation oncology facility, opposite the Nambour Public Hospital.

Property information

Ownership	100%	Fully leased yield	4.50%
Title	Freehold	Purchase price	$17m
WALE	4.9 years	Occupancy	100%
Site area (sqm)	3,456	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Ringwood

Address: 36 Mt Dandenong Road, Ringwood VIC


Description

GenesisCare Ringwood is co-located adjacent to the Healthscope-operated Ringwood Private Hospital, ~22km east of Melbourne. Ringwood has been designated as 1 of 9 Metropolitan Activity Centres by the Victorian State Government. HealthCo REIT has contracted to acquire the asset and settlement is expected to occur in October 2021. HomeCo has provided an income guarantee in relation to the asset, as detailed in Section 13.14.4.

Property information

Ownership	100%	Fully leased yield	4.00%
Title	Freehold	Purchase price	$10m
WALE	10.1 years	Occupancy	100%
Site area (sqm)	835	Subsector	Hospital

Key tenants

GenesisCare

3. Property Portfolio (continued)

GenesisCare Shepparton

Address: 124 Corio Street, Shepparton VIC

Description

GenesisCare Shepparton is located ~190km north of Melbourne in a major regional city servicing North Central Victoria. The property was recently constructed in 2019 and is a single level purpose-built specialised oncology facility.

Property information

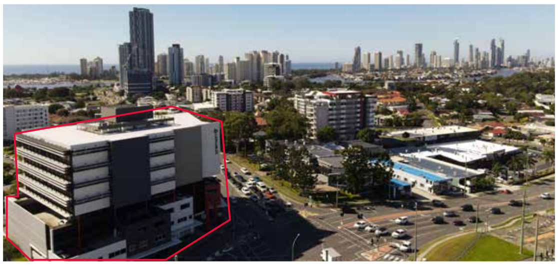
Ownership	100%	Fully leased yield	4.45%
Title	Freehold	Purchase price	$9m
WALE	9.9 years	Occupancy	100%
Site area (sqm)	1,370	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Southport

Address: Lot 1 & 16, 39 White Street, Southport QLD



Description

GenesisCare Southport is located ~70km south-east of Brisbane on the Gold Coast. The property comprises a purpose-built, nine-storey strata titled medical centre, constructed in 2008.

Property information

Ownership	100%	Fully leased yield	4.50%
Title	Strata	Purchase price	$14m
WALE	14.9 years	Occupancy	100%
Site area (sqm)	1,236	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Urraween

Address: 1 Medical Place, Urraween QLD

Description

GenesisCare Urraween is located ~280km north of Brisbane in Hervey Bay. The property partly comprises an extension to UnitingCare's St Stephen's Hospital comprising a purpose-built oncology clinic, completed in 2018. HealthCo REIT has contracted to acquire the asset and settlement is expected to occur in November 2021. HomeCo has provided an income guarantee in relation to the asset, as detailed in Section 13.14.4.

Property information

Ownership	100%	Fully leased yield	4.50%
Title	Leasehold	Purchase price	$12m
WALE	7.2 years	Occupancy	100%
Site area (sqm)	860	Subsector	Hospital

Key tenants

GenesisCare

GenesisCare Wembley

Address: 24 Salvado Road, Wembley WA

Description

GenesisCare Wembley is located ~4km west of the Perth CBD. The property is a two-level purpose-built specialised oncology facility, immediately adjacent to the St John of God Subiaco private hospital.

Property information

Ownership	100%	Fully leased yield	4.50%
Title	Freehold	Purchase price	$17m
WALE	14.9 years	Occupancy	100%
Site area (sqm)	2,459	Subsector	Hospital

Key tenants

GenesisCare

3. Property Portfolio (continued)

Morayfield Health Hub

Address: 19-31 Dickson Road, Morayfield, QLD

Description

Morayfield Health Hub is a purpose-built modern 3-storey health hub precinct encompassing GP clinic, pathology, pharmacy, radiology, dental, mental health, childcare, rehabilitation, counselling and clinical research usages. HomeCo has provided a rental guarantee in relation to the asset, as detailed in Section 13.14.4.

Property information

Ownership	100%
Title	Freehold
WALE	5.8 years
Site area (sqm)	58,164

Independent cap rate (31-Aug-21)	5.38%
Independent valuation (31-Aug-21)	$110m
Occupancy	100%
Subsector	Health hub

Key tenants

HEALTH HUB DOCTORS MORAYFIELD

Specialist Diagnostic Services

OXANDA EDUCATION

TerryWhite Chemmart

ndis

Nunawading

Address: 86-88 Springvale Road, Nunawading VIC

Description

HealthCo Nunawading is located 20km east of the Melbourne CBD and comprises 154 licensed childcare places operated by Explorers Early Learning.

Property information

Ownership	100%
Title	Freehold
WALE	14.9 years
Site area (sqm)	2,139

Fully leased yield	5.00%
Purchase price	$13m
Occupancy	100%
Subsector	Childcare

Key tenants

Explorers Early Learning

Proxima Southport

Address: Corner of Hill & Stanley Lane, Southport, QLD

Description

Proxima Southport is a fund-through health hub development in the emerging Gold Coast Health and Knowledge precinct. Once complete, the property will sit adjacent to The Gold Coast University Hospital, Gold Coast Private Hospital and the expanding Griffith University campus.

Property information

Ownership	50%	Independent cap rate (31-Aug-21)	5.50%
Title	Freehold	Independent valuation (31-Aug-21)	$5m
WALE	9.9 years	Occupancy	n/a
Site area (sqm)	3,040	Subsector	Government, Life Science & Research
Forecast completion	FY23	Cost to complete (REIT share)	$35m
Leasing status	61% pre-let[103]	Coupon payment	5.65%

Key tenants

Queensland Government
Griffith University
Sanctuary early learning adventure

Rouse Hill

Address: 4-7 Commercial Road, Rouse Hill, NSW

Description

HealthCo Rouse Hill sits within Sydney's north-west growth corridor, ~43km from the Sydney CBD. The suburb has enjoyed strong expansion over recent years, attracting first home-buyers and young families. HealthCo Rouse Hill has diverse subsector exposure including childcare, government, primary medical, health services, wellness and other tenants.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.50%
Title	Freehold	Independent valuation (31-Aug-21)	$63m
WALE	6.5 years	Occupancy	100%
Site area (sqm)	36,100	Subsector	Health hub

Key tenants

Rouse Hill Family Medical Practice
Guardian Childcare & Education
Australian Government
petstock
rebel

103. By GLA, not including a 12 month rental guarantee for 100% occupancy and a purchase price adjustment at completion for any vacancy.

3. Property Portfolio (continued)

Springfield

Address: 95 Southern Cross Circuit, Springfield, QLD

Description

HealthCo Springfield is located 26km south-west of the Brisbane CBD and ~15km south-east of the Ipswich CBD, within close proximity to Bunnings and Springfield Orion Shopping Centre. HealthCo Springfield is planned as a redevelopment of an existing property into a health hub precinct with diverse subsector exposure. Requisite development approvals are in place with construction underway on stage 1.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.50%
Title	Freehold	Independent valuation (31-Aug-21)	$21m
WALE	9.0 years	Occupancy	n/a
Site area (sqm)	31,030	Subsector	Health hub
Forecast completion	FY22	Cost to complete (REIT share)	$12m
Leasing status	61% pre-let[104]	Target yield on cost	>6%

Key tenants

Guardian Childcare & Education | EMF Fitness Centre | Doctors&Co.

St Marys

Address: 243 Forrester Road, North St Marys, NSW

Description

HealthCo St Marys is located 45km west of the Sydney CBD, in the established suburb of St Marys and on the doorstep of fast growing new residential suburbs such as Ropes Crossing. HealthCo St Marys is planned as a development of a health hub precinct with diverse subsector exposure.

Property information[105]

Ownership	100%	Independent cap rate (31-Aug-21)	5.75%
Title	Freehold	Independent valuation (31-Aug-21)	$20m
WALE	2.2 years	Occupancy	n/a
Site area (sqm)	31,860	Subsector	Health hub
Forecast completion	n/a	Cost to complete (REIT share)	n/a

Key tenants

Development

104. By GLA.

105. Early stage development. Planning currently in progress.

Tarneit

Address: 80 Homebush Drive, Tarneit, VIC

Description

Tarneit is a double storey 140-place childcare facility leased to Explorers Early Learning located ~30km from the Melbourne CBD.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.00%
Title	Freehold	Independent valuation (31-Aug-21)	$8m
WALE	14.3 years	Occupancy	100%
Site area (sqm)	2,907	Subsector	Childcare

Key tenants

Woolloongabba

Address: 201 Logan Road, Woolloongabba, QLD

Description

Woolloongabba is a purpose-built 3-storey facility comprising 169-place childcare centre and Body Fit Training gym located ~3km from the Brisbane CBD.

Property information

Ownership	100%	Independent cap rate (31-Aug-21)	5.50%
Title	Freehold	Independent valuation (31-Aug-21)	$13m
WALE	11.6 years	Occupancy	100%
Site area (sqm)	1,237	Subsector	Childcare/Wellness

Key tenants

Section 4.

Industry overview

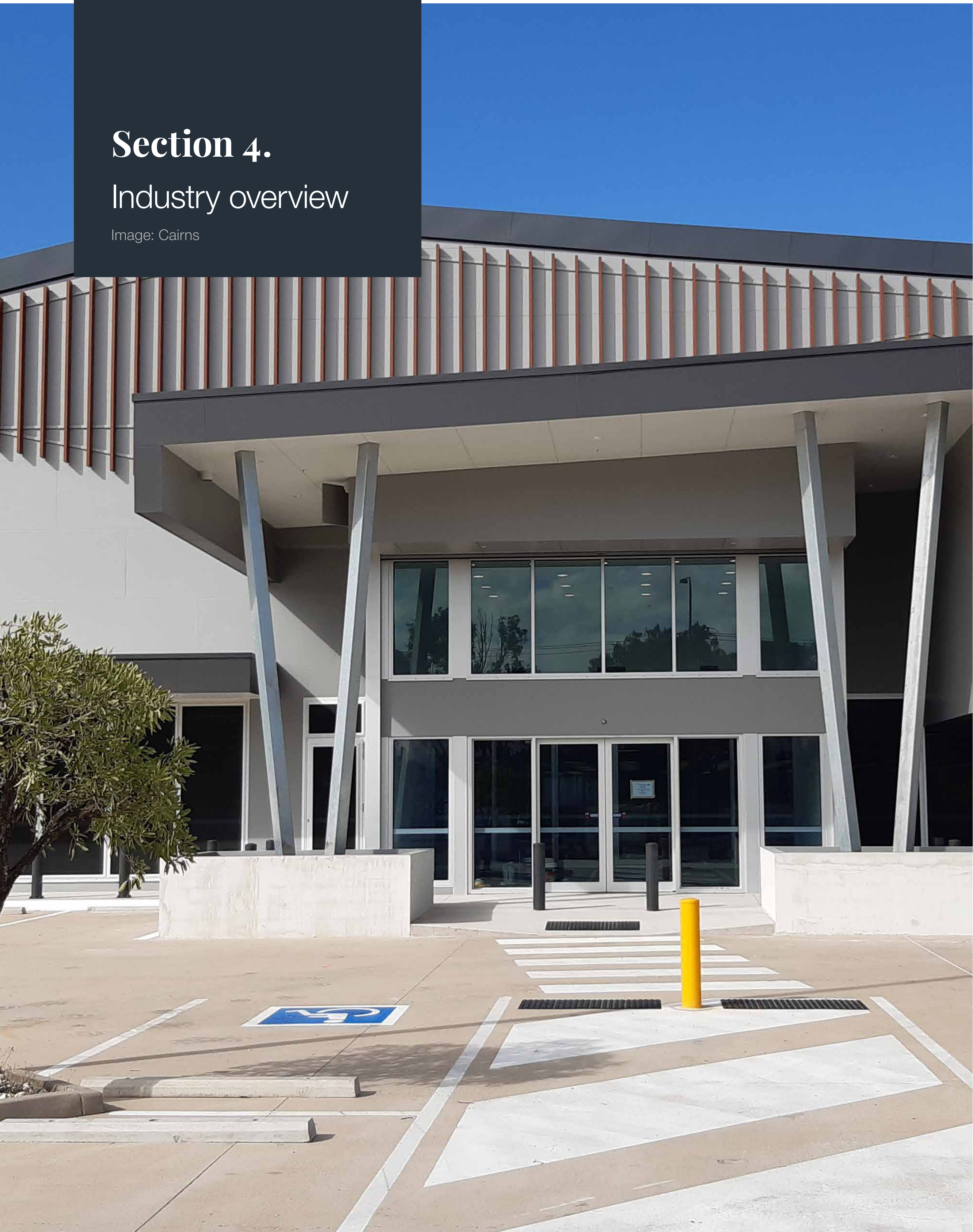


Image: Cairns

4. Industry overview

4.1. Introduction

HealthCo REIT's investment mandate will span healthcare and wellness sectors. It will target investment in real estate assets across the Model Portfolio subsectors, including healthcare services, which are exposed to the following megatrends[106]:

- an ageing population with higher rates of healthcare related spend per capita;
- growing government expenditure to support health and social welfare services;
- technological changes and improvements in detection and treatment of illnesses contributing to increasing utilisation of health services; and
- evolving consumer preferences including increased health literacy and changing social behaviours driving greater consumption of health services.

In light of these trends, the subsectors display attractive investment characteristics with demand drivers that are defensive. Given property and the associated infrastructure are critical in the delivery of services within these subsectors, healthcare real estate will continue to play an essential role as the industry develops.

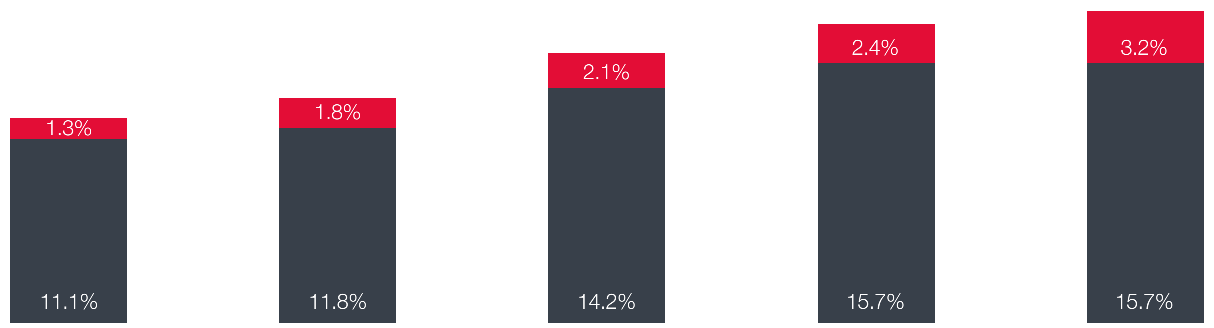
Both the Model Portfolio and HealthCo REIT's Portfolio reflect investments in property asset classes outside of the medical and healthcare sectors, however healthcare subsectors including hospitals, aged care and primary and specialty care will comprises majority of the exposure. Refer to Section 2.2.2 for detail around the Model Portfolio and Section 3 for further information around HealthCo REIT's Portfolio.

4.2. Key megatrends

4.2.1. Ageing population

Australia's population is ageing as a result of sustained low fertility rates and increasing life expectancy. As illustrated in the chart below, over the 20 years to 2020, the proportion of the population aged 65 years and older increased from 12.4% to 16.3% of the total population[107]. This group is projected to grow substantially in the future, with the number of Australians aged 65 and older expected to increase by 2.7% per annum from FY19 to FY30[108]. In addition, the number of people in the very aged cohort (aged 85 years and over) has increased by 110% over the last 20 years, compared with the total population growth of 35% over the same period[109]. This group is projected to increase by 3.8% per annum from FY19 to FY30[110].

Proportion and total size of population aged 65 years and over



	FY00	FY10	FY20	FY30	FY40
65-84	2,112,197	2,599,747	3,659,408	4,696,069	5,275,590
85+	251,180	385,556	526,811	719,494	1,070,781

● Aged 65-84 ● Aged 85 and over

Source: ABS, Population Projections 2017, released 22 November 2018 (accessed April 2021); Twenty years of population change, December 2020.

106. L.E.K. Consulting.

107. ABS, *Twenty years of population change*, December 2020.

108. ABS, *Population Projections 2017*, released 22 November 2018 (accessed April 2021).

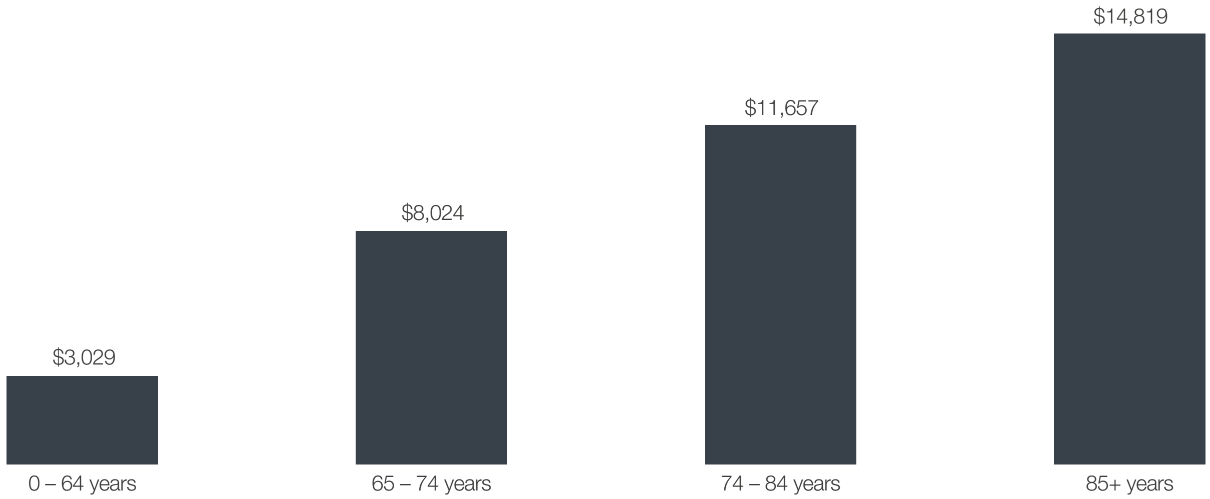
109. ABS, *Twenty years of population change*, December 2020.

110. ABS, *Population Projections 2017*, released 22 November 2018 (accessed April 2021).

4. Industry overview (continued)

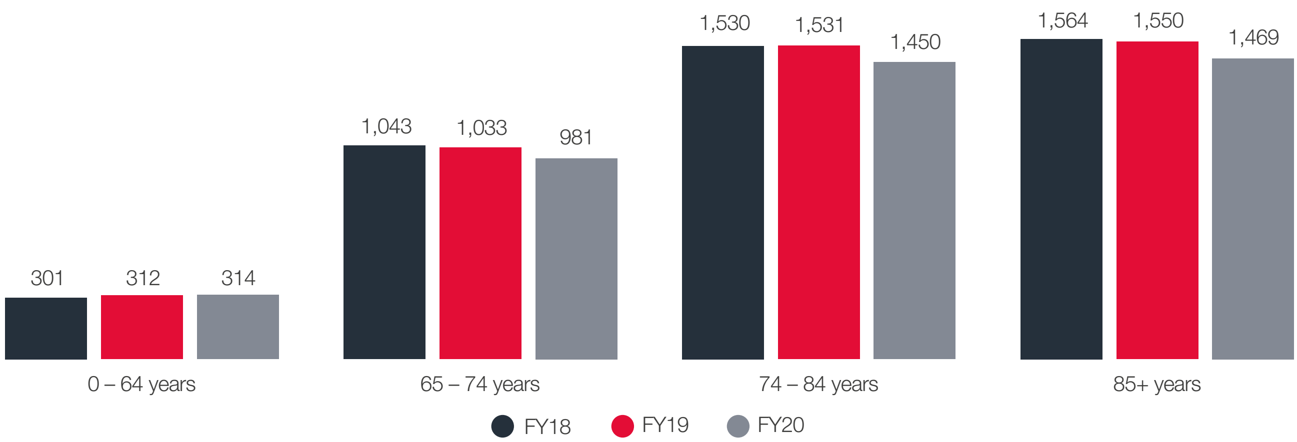
As illustrated below, the over 65 years old cohort has exhibited approximately three to five times greater healthcare spending and hospital utilisation compared to the under 65 years old cohort[111].

Healthcare spending per capita (FY16)



Source: Australian hospital statistics; AIHW, Disease Expenditure in Australia 2015-16 (latest available).

Hospital separations per 1,000 people (FY18 to FY20)[112]



Source: AIHW, Admitted Patient Care 2017-18, 2018-19, 2019-20.

111. AIHW, *Admitted Patient Care 2018-19: Australian hospital statistics; AIHW, Disease Expenditure in Australia 2015-16* (latest available).

112. Separation, also known as 'discharge', records the cessation of treatment and/or care and/or accommodation of a patient and can be used as a measure of utilisation of hospital care. Number of hospital separations in FY20 impacted by reduced elective surgeries undertaken due to COVID-19.

4.2.2. Healthcare expenditure

Many of the tenants within the Model Portfolio subsectors are beneficiaries of increased Federal and State government funding with the majority of income being government-backed.

Hospitals, aged care, primary and specialty care as well as research and childcare subsectors, which comprise a significant portion of the Model Portfolio, accounted for $194 billion of total expenditure in FY19 and have been growing at approximately 4.3% per annum (in aggregate)[113].

Total recurrent expenditure by sector (FY19, $bn)		Historical growth (FY14-19)	Funding source & trends
Hospitals	79	**6.1% p.a.**	Public hospitals accounted for $62 billion from a combination of State and Commonwealth Government. Private hospitals accounted for the remaining $17 billion, funded by private health insurance and patient out-of-pockets.
Primary & specialty care	49	**3.6% p.a.**	Primary (GPs, dental & allied health) and specialty (diagnostics & referred medical services) care services are mostly funded by the Commonwealth Government via the Medicare Benefits Scheme and patient out-of-pocket contributions.
Research & innovation (public & private sector)	40	**0.9% p.a.**	Commonwealth Government invests $10 – $12 billion per annum into research and innovation. Business and university spending on research & development comprises approximately $29 billion per annum and is predominantly self-funded.[114]
Residential aged care	18	**5.9% p.a.**	Commonwealth Government funding plays a critical role in the sector with approximately 67% of the funding coming from government subsidies and supplements, with the balance contributed by residents.
Childcare (government spend)	8	**6.3% p.a.**	Commonwealth Government subsidies for childcare, with additional expenditure from out-of-pocket payments.

Source: ACFA Annual reports 2010-19; 2020–21 Science, Research and Innovation (SRI) Budget Tables; Early Childhood and Child Care Summary Quarterly reports 2014-18, Child Care in Australia Quarterly Reports 2018-19; AIHW, *Health Expenditure Australia 2018-19*.

113. ACFA Annual reports 2010-19; 2020–21 Science, Research and Innovation (SRI) Budget Tables; Early Childhood and Child Care Summary Quarterly reports 2014-18, Child Care in Australia Quarterly Reports 2018-19; AIHW, *Health Expenditure Australia 2018-19*.

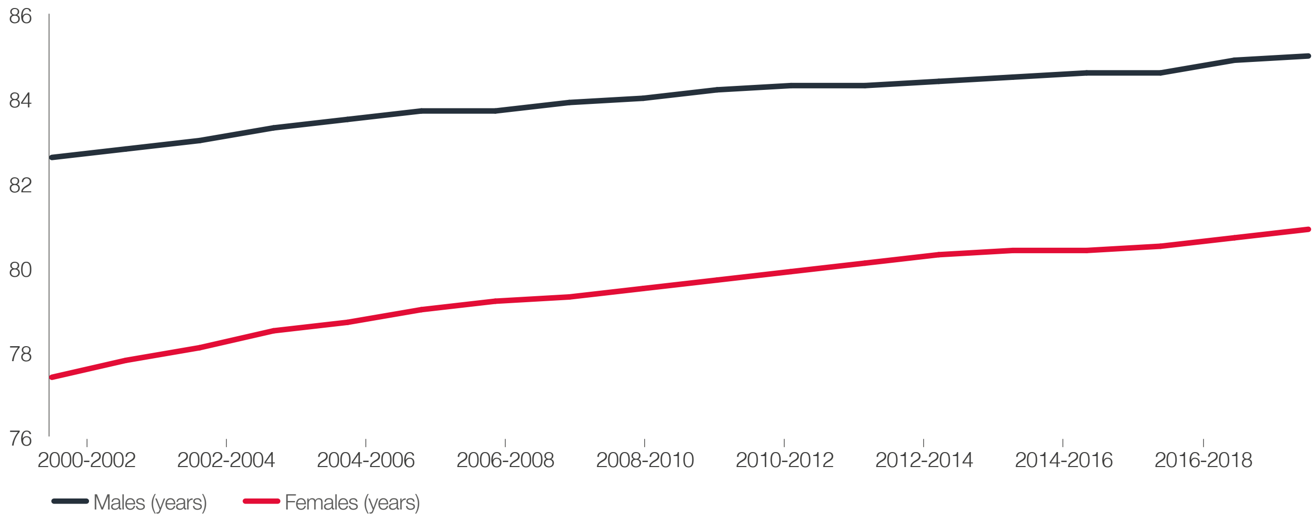
114. Research & innovation includes non-medical and life sciences research.

4. Industry overview (continued)

4.2.3. Technological progress

Medical technology and clinical advancements are driving improved detection and treatment of chronic illnesses. In Australia, life expectancy at birth has increased from 79 years in 2000 to 83 years in 2018, in part due to improvements in medical technologies and innovative treatments[115]. Historically, as life expectancy increases, individuals' consumption of healthcare services including aged care, hospitals and specialised healthcare services has also increased.

Life expectancy at birth

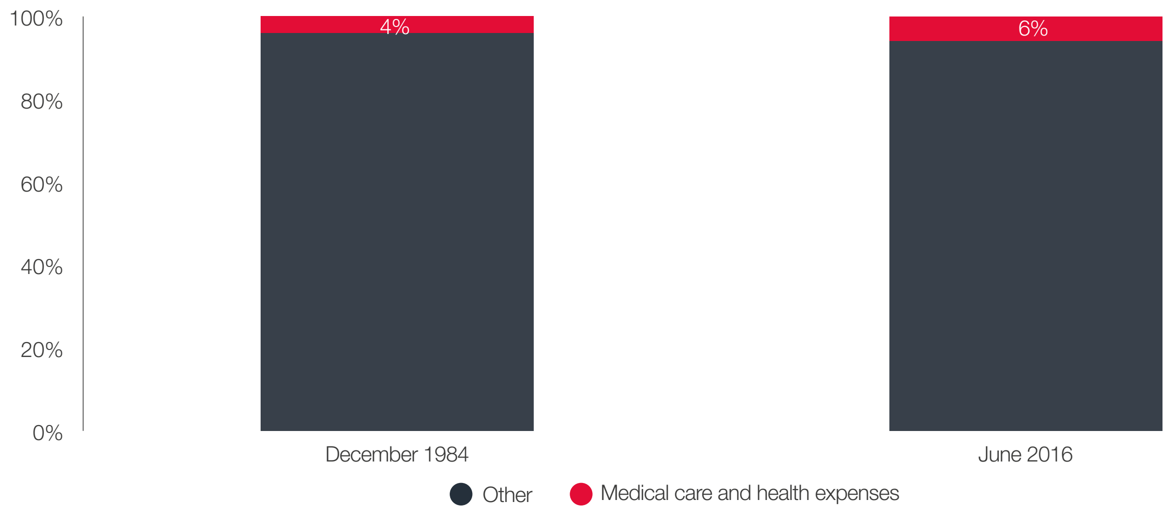


Source: ABS, Life tables 2017 – 2019. Note: Calendar years shown.

4.2.4. Consumer preferences

Increased health literacy about conditions and treatments is driving consumer demand for health and wellness services. Australian household consumption relating to health and wellness increased by approximately 50% as a proportion of total household consumption from December 1984 to June 2016[116]. There remains opportunity for sustained growth as society continues to have greater engagement in their health and wellness, driving greater utilisation and demand for services.

Medical care and health expenses as a proportion of total household expenditure (December 1984 to June 2016)



Source: ABS, *Household Expenditure Survey* (latest available – FY16, released 13 September 2017).

115. ABS, Life tables 2017 – 2019.

116. ABS, *Household Expenditure Survey* (latest available – FY16, released 13 September 2017).

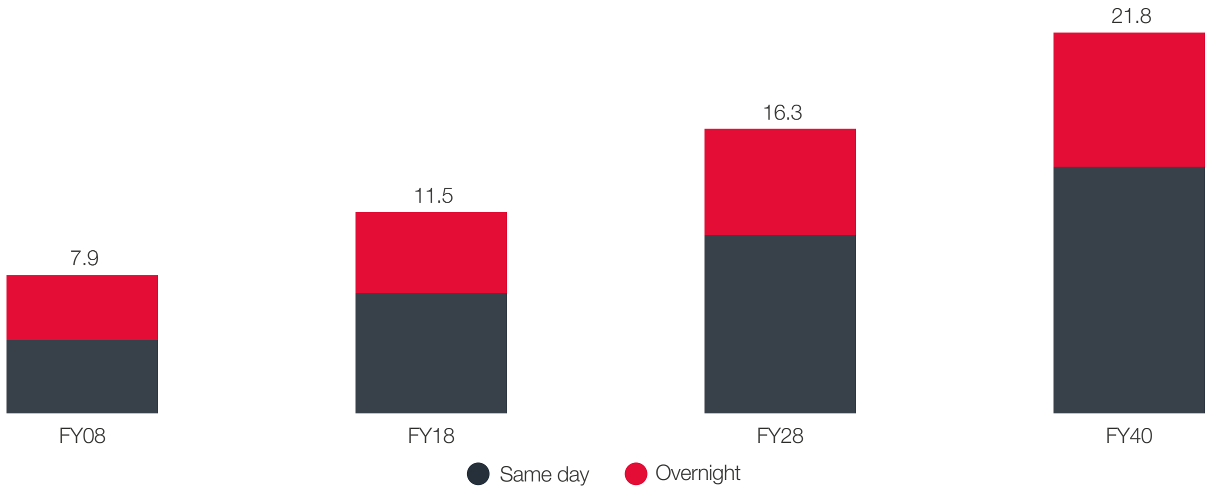
4.3. Subsectors

4.3.1. Hospitals

An ageing population and technological advancement (with the latter increasing the number of treatments undertaken in same-day settings), have increased demand for hospital facilities. Hospital separations totalled 11.5 million in FY19 and have been growing at approximately 3.4% per annum from FY14 to FY19[117]. Same day separations have grown by 4.2% per annum over the 10 years to FY19, and overnight separations have increased by 2.4% per annum over the same period[118].

As a result, demand for hospital facilities has outstripped supply, placing pressure on the existing hospital system. Over the 10 years to FY19, patient days per bed increased by 0.4% per annum in public hospitals and by 0.9% per annum in private hospitals.[119] Based on continuation of historically observed trends, total separations are forecast to grow from 7.9 million in FY08 to 21.8 million in FY40 (2.9% per annum).[120]

Total separations (millions) by treatment duration



Source: L.E.K. Consulting.

In addition, over the 5 years to FY20, waiting times for elective surgery in public hospitals have not improved. Given supply constraints, and budget pressures on the government post COVID-19 stimulus, private sector investment in hospital infrastructure and services is expected to increase.[121]

The total value of hospital property assets is estimated at $86 billion, with public hospital assets comprising approximately 70% of the market at $60.5 billion[122]. The value of private hospital property assets is estimated at $25.2 billion and there is an established market of operators leasing hospital real estate to property investors. If demand continues to grow, further investment in hospital real estate assets may be required to meet demand and replace ageing facilities with modern infrastructure.

117. AIHW, *Admitted Patient* Care (2009 – 2019 annual reports).

118. AIHW, *Admitted Patient* Care (2009 – 2019 annual reports).

119. AIHW, *Australia Hospital Statistics* (FY10-19 annual reports).

120. L.E.K. Consulting.

121. AIHW, *Elective surgery waiting times 2019-20*.

122. L.E.K. Consulting.

4. Industry overview (continued)

4.3.2. Primary and specialty care

Primary and specialty care includes general practitioners, dental, allied health, diagnostics and specialist practices. Demand for these services is largely driven by population demographics, with older cohorts sustaining the highest annual visitation rates. Due to an ageing population, per capita service utilisation has increased in recent years, with total expenditure on primary and specialty care growing by 4.4% per annum over the 10 years to FY19[123] and GP attendances expanding by approximately 3% from FY17 to FY20[124]. Demand is also supported by a relatively stable funding model, with most primary and specialty care services funded by the Medicare Benefits Scheme. Under the scheme, consumer demand is subsidised by Medicare. This is expected to continue, with the government committing to invest approximately $126 billion in Medicare over the next four years[125].

Within primary health real estate, the value of medical clinic property assets is estimated at approximately $15 billion[126]. Property investors have a track record of investing in these assets, with a number of medical centre properties owned by publicly listed funds and other institutional investors. Given the primary care sector is highly fragmented (the top four corporate providers accounting for approximately 7% of the market by clinic numbers[127]), consolidation across the sector provides an opportunity for further property investment.

4.3.3. Childcare

Demand for early childhood education and care is driven by a number of factors including:

- increased participation of women in the workforce;
- growing awareness about the benefits of early learning; and
- government subsidies to improve the accessibility of childcare facilities across income classes.

The Australian workforce is working longer hours on average, dual income households are growing as a proportion of total households, and the participation rate of parents in full-time roles is increasing. These drivers have contributed to growing demand for childcare in recent years, with children enrolled across early childhood education and care centres increasing at approximately 3.7% per annum between December 2015 and December 2020[128]. Simultaneously, the number of approved centre-based care places has increased by approximately 4.4% per annum from January 2015 to December 2021 (forecast)[129], resulting in slight declines in utilisation as supply outpaced demand.

In addition to positive long term fundamental drivers, government funding into the sector has increased in recent years. For example:

- the Australian Government subsidy for childcare grew by approximately 6% per annum between 2014 and 2019[130], improving accessibility to childcare services;
- through COVID-19, the government offered the Early Childhood Education and Care Relief Package which paid centres to offer free childcare to Australians between April and July 2020, and a recovery package continued support from September 2020 to January 2021, highlighting the essential nature of childcare services; and
- the government has committed to an approximately $40 billion childcare subsidy program from FY20 to FY24[131].

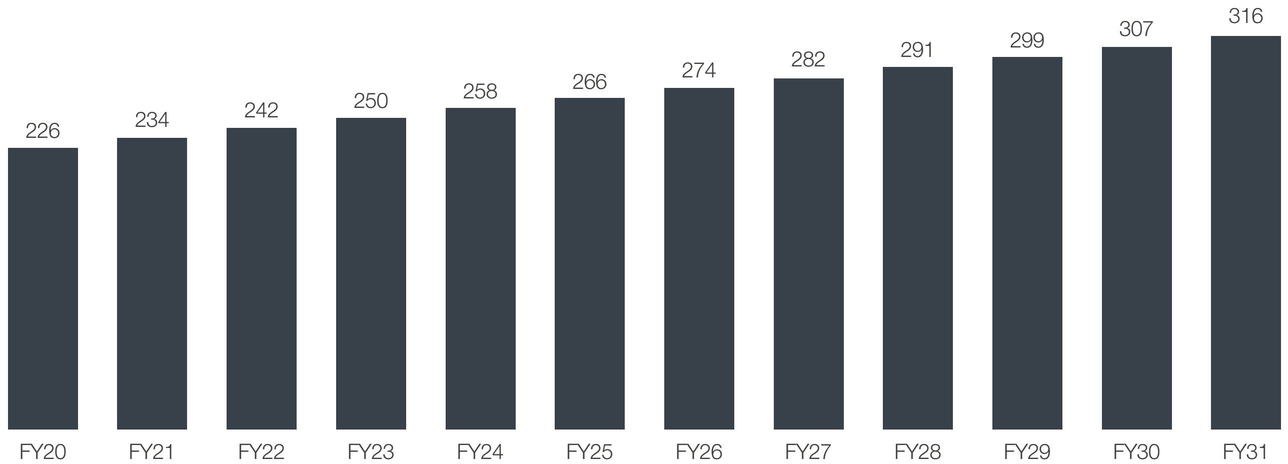
Real estate investment trusts are prominent in the early childhood education and care segment. Operators have a prevalence towards leasing their real estate from commercial landlords instead of owning assets. The value of the underlying real estate supporting the early childhood education and care segment is estimated at $37.4 billion in FY20 and includes 705,000 approved places at an average estimated value of $53,000 per place[132]. It is estimated that a further $4.6 billion investment in new facilities would be required by 2026 to support 3% per annum growth in the number of enrolled children[133].

123. AIHW, *Health Expenditure Australia 2018-19.*
124. Department of Health, *Annual Medicare Statistics*.
125. Federal Government Budget 2021.
126. L.E.K. Consulting.
127. L.E.K. Consulting.
128. Department of Education, *Early Childhood and Child Care in Summary, Quarterly Reports 2014-18, Childcare in Australia Quarterly Reports 2018-20*.
129. Source: ACECQA, *Approved Services National Register 2014-21*
130. Department of Education, *Early Childhood and Child Care in Summary, Quarterly Reports 2014-18, Childcare in Australia Quarterly Reports 2018-20*.
131. Federal Government Budget 2021.
132. L.E.K. Consulting.
133. L.E.K. Consulting.

4.3.4. Aged care

The aged care sector, despite being the subject of ongoing structural reform, is underpinned by strong demographic fundamentals. The value of residential aged care property assets is estimated at $37.7 billion[134]. Based on the current provision ratio, approximately 88,000 additional places will be required over the next decade to cater for Australia's ageing population, with an estimated $15.6 billion in additional property assets (at current estimated value per place of $187,000) required by 2031 via greenfield and brownfield development initiatives[135]. This excludes improvements required on existing aged care facilities, which represents a separate, additional capital requirement.

Projected operational residential aged care places (FY20 to FY31, thousands of places)



Source: L.E.K. Consulting.

In addition, government funding plays a critical role in the sector with approximately 67% of funding derived from government subsidies and supplements and the balance provided by residents[136]. Residential aged care funding has increased by approximately 6% per annum between FY15 and FY19. The recent budget also included a range of initiatives to further increase funding into aged care, including a new residential aged care funding model coming into effect in 2022 at a cost of $3.2 billion.[137]

Furthermore, whilst the majority of aged care facilities are owned by operators, the Royal Commission in March 2021 recommended potentially phasing out the use of refundable accommodation deposits (**RADs**) as a method by which residents cover accommodation costs[138]. RADs currently provide approximately $30 billion of funding to operators, and if phased out, may drive operators to release cash tied up in assets to manage capital requirements[139]. This separation of ownership could provide a major specialist property investment opportunity.

4.3.5. Life sciences and innovation precincts

The Federal government invests approximately $10 to $12 billion per annum into research and innovation[140] via a range of grants, programs and schemes[141]. In addition, business and higher education invest approximately $29 billion per annum into research and development (**R&D**), with over 50% of Australian universities' R&D expenditure directed to health and life sciences[142].

134. L.E.K. Consulting.

135. L.E.K. Consulting.

136. ACFA Annual reports 2010-19.

137. Australian Federal Budget Overview 2021-22.

138. Royal Commission into Aged Care Quality and Safety, *Final Report – List of Recommendations*, published on 1st March 2021.

139. ACFA, *Funding and Financing of the Aged Care Sector, July 2020.*

140. Research and innovation includes non-medical and life sciences research.

141. Department of Industry, Science, Energy and Resources, *2020–21 Science, Research and Innovation (SRI) Budget Tables.*

142. ABS, *Higher education expenditure on R&D; ABS, Business expenditure on R&D.*

4. Industry overview (continued)

Innovation precincts, mostly led by university efforts to co-locate research activities with industry partners, have been common in Australia since the 1990s. There has been considerable market activity in recent years, with 86 active innovation precincts in Australia and 72 in the planned or emergent stage[143]. These precincts focus on a range of sectors, are investment-heavy and often involve a consortium of government, university and private partners. Approximately 20 innovation precincts in Australia are dedicated to health, with a significant pipeline of further developments planned[144].

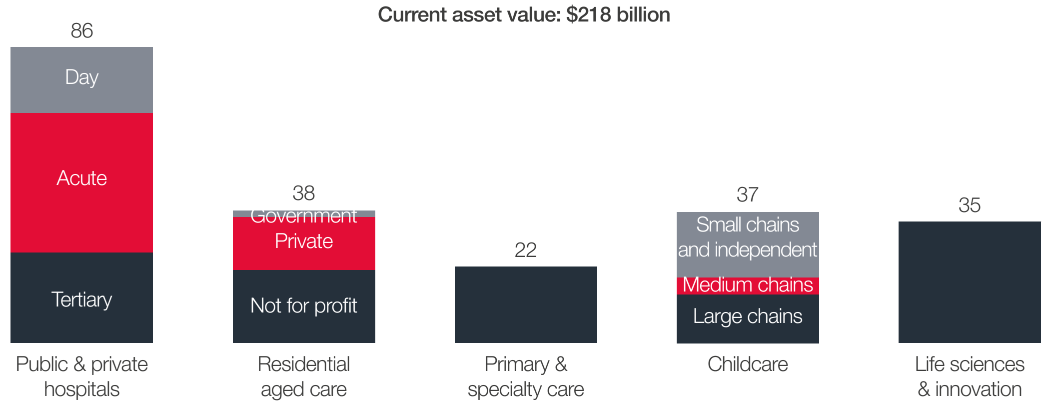
Given the loss of revenue from international students during COVID-19, universities are expected to reduce spending on R&D[145]. As a result, universities may seek private partners to continue their infrastructure and capability expansion plans[146]. This presents an opportunity for increased private sector investment, as universities and other organisations look to continue to deliver on their plans.

4.4. Real estate market overview

4.4.1. Market size

Property and the associated infrastructure are critical in the delivery of health services and will continue to play an essential role as care models and pathways continue to evolve. The current value of property assets in Australia targeted as part of the Model Portfolio is estimated at $218 billion, split between the following subsectors[147].

Estimated property asset value by sector (2021, $bn)[148]



Existing supply	1,300 facilities 96,000 beds	2,700 facilities 210,000 beds	7,000 GP clinics	11,000 facilities 700,000 places	86 active precincts

Source: L.E.K. Consulting.

Over the longer term, it is estimated that more than $87 billion of new property investment will be required to meet future demand needs (at current utilisation levels) in the hospital, residential aged care and childcare subsectors over the next 20 years[149]. This estimate excludes investments required for the replacement and upgrade of existing stock, with further funding required for this in the future.

143. Department of Industry, Science, Energy and Resources, *Stocktake of Australian Innovation Precincts*, accessed on 21 April 2021.

144. L.E.K. Consulting.

145. Modelling Individual Australian Universities Resilience in Managing Overseas Student Revenue Losses from the COVID-19 Pandemic by Ian Marshman and Frank Larkins, Honorary Fellows, Centre for the Study of Higher Education, The University of Melbourne.

146. Future shock: how Australia's universities are changing after the coronavirus cataclysm', published on 26th July 2020, the Guardian; 'Universities hit pause on $800 million in capital projects', published on 30th July 2020, AFR.

147. L.E.K. Consulting.

148. 'Public & private hospitals' consists of $61bn in public hospitals and $25bn in private hospitals.

149. L.E.K. Consulting.

Estimated investment for net new capacity to meet long term demand growth ($bn)

Subsector	New investment required
Hospital (2040)	$66bn
Aged care (2030)	$16bn
Childcare (2026)	$5bn
Primary & specialty care	n/a
Life sciences & innovation	72 emerging / planned precincts
Total	**$87bn in property investment required to meet demand**

Source: L.E.K. Consulting.

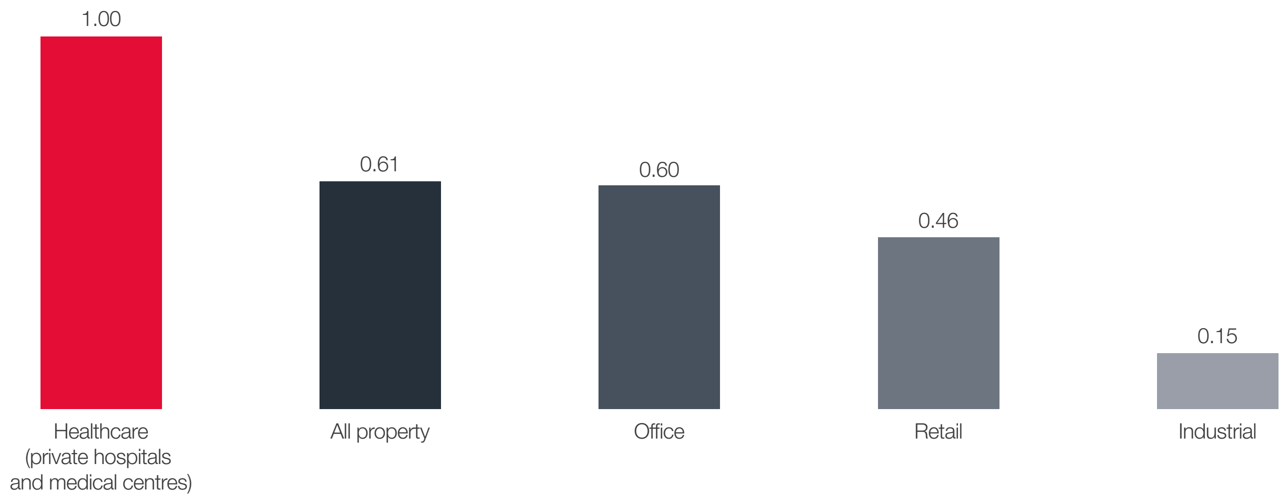
Currently, real estate assets in the above sectors are held by a range of public, not-for-profit and private sector operators, with only a small universe of real estate investment trusts active across the subsectors in Australia. However, it is anticipated that public, not-for-profit and private operators may seek new sources of capital and will look to divest the significant volume of assets currently held on their balance sheets. The specialist property investor model therefore has the potential to become more prevalent across the sector[150].

4.4.2. Performance

The Model Portfolio targets exposure to healthcare and wellness property, which includes private hospitals and medical centres, among other subsectors. Private hospitals and medical centres represent approximately 29% of the Portfolio (by income) and private hospitals are expected to be a significant component of new property investment over the next 20 years[151]. Private hospitals and medical centres have displayed relatively low levels of correlation and superior risk-adjusted returns relative to traditional property sectors.

The chart below illustrates that these subsectors have displayed relatively low levels of correlation to traditional property asset classes.

Property sector correlation (2008 – 2020)[152]



Source: RIA.

150. L.E.K. Consulting.

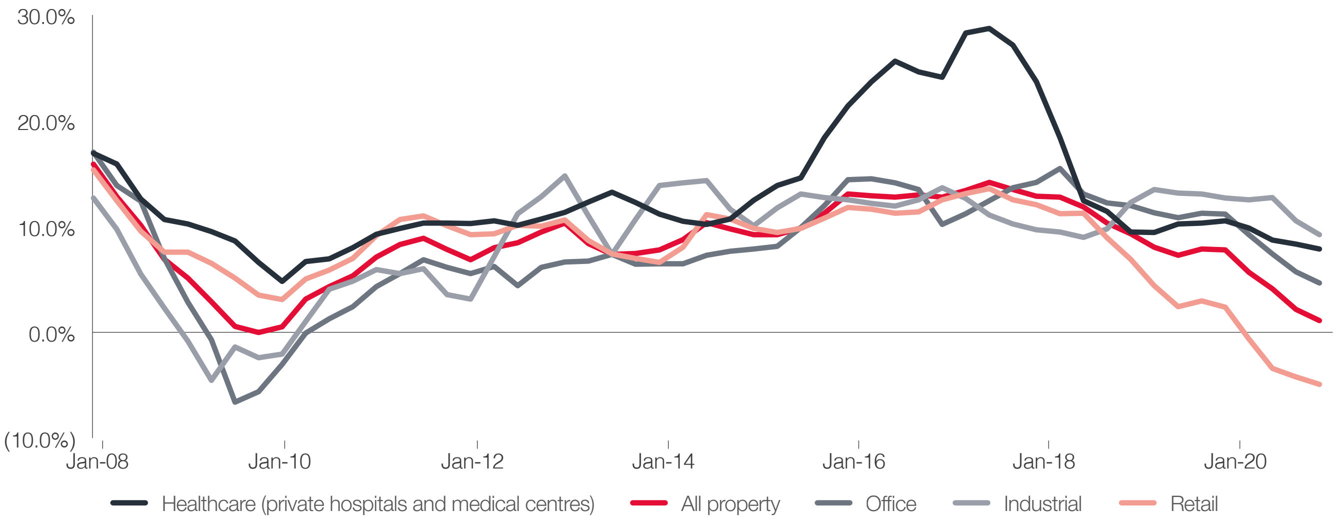
151. L.E.K. Consulting.

152. Correlation between total returns of each industry subsector between 2008 and 2021.

4. Industry overview (continued)

In addition, private hospital and medical centre property returns have demonstrated outperformance over a long period relative to the broader property sector.

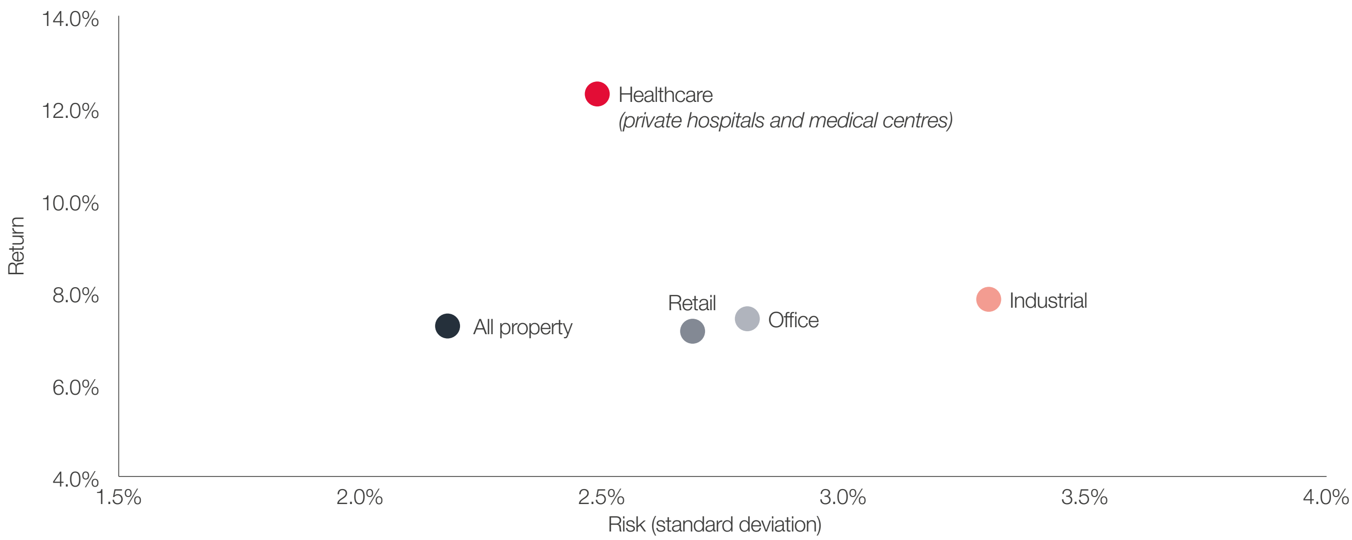
Return profile across property sectors (2008 – 2020)[153]



Source: RIA.

On a risk-adjusted basis, private hospitals and medical centres as a subsector of healthcare property exhibited attractive total returns relative to their volatility profile as illustrated in the chart below.

Total returns and volatility by sector (Q1 2007 – Q4 2020)[154]



Source: RIA.

153. Chart reflects absolute property returns on a quarterly basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis; historical performance is not a predictor.

154. Chart reflects absolute property returns on a semi-annual basis comprising a combination of income return and capital return (movements in property valuation net of capex). Property returns are calculated based on individual assets and property portfolios on an unlevered basis.

Section 5.

Key people, corporate governance and benefits

Image: Proxima Southport

5. Key people, corporate governance and benefits

5.1. Overview of the management of HealthCo REIT

5.1.1. Responsible Entity

The Responsible Entity is a wholly owned subsidiary of HomeCo. The Responsible Entity has the responsibility for the governance and operation of HealthCo REIT. The Responsible Entity was incorporated on 15 April 2003 and was acquired by HomeCo on 28 July 2021. The Responsible Entity holds an AFSL with number 239882.

5.1.2. Managers

The Responsible Entity has appointed the Property Manager and the Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to the REIT under the Management Agreements. The Managers are also wholly owned subsidiaries of HCDL. The Managers were both incorporated on 21 September 2020. Under the Constitution, the Responsible Entity is permitted to appoint a manager to manage the assets of the REIT, and the Responsible Entity is authorised to, and will, pay all fees and costs under the Management Agreement out of the assets of the REIT, subject to the provisions of the Constitution.

5.2. Overview of Home Consortium

Home Consortium is an ASX-listed owner, developer and manager of diversified property investments. Home Consortium was listed on the ASX in October 2019 and trades under the code "HMC".

As at August 2021, HomeCo manages approximately a $2.3 billion[155] national property portfolio across real estate sectors including retail, healthcare and social infrastructure. Since its admission to the Official List, HomeCo's total assets under management have increased by approximately 150%. HomeCo is the manager of HomeCo Daily Needs REIT (ASX:HDN) which listed in November 2020 and owns $1.5 billion of assets as at August 2021.

5.2.1. ESG Policy

Sustainability is a key element of HomeCo's business approach, driven by the belief that sustainable investments are aligned to long-term value creation and should not be dilutive to returns. HomeCo's ambition in relation to ESG is to be a leader amongst its peers and to create an institutional grade strategy and approach to investing and asset management. HomeCo believes that sustainable investments are aligned to long term value creation and should not be dilutive to returns.

HomeCo has established a sustainability subcommittee of the HomeCo Board that governs HomeCo's sustainability strategy and initiatives.

HomeCo became a signatory to the UNPRI and a GRESB participating member in February 2021. These two organisations will provide an investment and reporting framework to help shape HomeCo's future initiatives and strategies.

In addition to setting targets to achieve the de-carbonisation agenda, HomeCo will be establishing a "CommunityCo" strategy to support local community engagement across its assets.

155. 'As complete' value. Including Contracted Acquisitions.

ESG framework

Environmental

- Energy efficiency programs being planned and implemented
- Focus on better water and waste management
- Renewal and regeneration of ageing assets

Social

- Investment into essential retail and service providers
- Supporting ageing population through healthcare and wellness
- Creation of daily needs infrastructure in high growth areas

Governance

- Established a sustainability sub-committee of the HomeCo Board
- Consistent standard in diligence to target attractive returns on investment
- Transparent reporting
- Systematic monitoring of assets

5.3. Board of the Responsible Entity and management

5.3.1. Board of Directors

At Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. As at the date of this PDS, the Directors are as follows.

DIRECTOR & EXPERIENCE

Joseph Carrozzi AM

Independent Non-Executive Chair

- Partner in the Big 4 professional services firms for over 20 years, commencing with Tax & Legal Leader at Andersens, Regional Managing Partner at EY and then joining PwC in 2005 as National Managing Partner, Markets and Sydney Office
- Chair of the Centenary Institute for Medical Research, Chair of Sydney Harbour Federation Trust and Deputy Chair of the NSW Institute of Sport
- Governor on the board of Western Sydney University and Board member of Football Australia

Dr Chris Roberts AO

Independent Non-Executive Director

- Former CEO of Cochlear from 2004 to 2015
- Founding director and Executive Vice President of ResMed from 1992 to 2003, and a director until November 2017
- Member of the Cochlear Foundation Board
- Chair of OncoSil Medical Limited, Chair of TEDI London and non-executive director of Clarity Pharmaceuticals Limited and Atmo Biosciences Pty Ltd
- Former Chair of Research Australia (2004 to 2010)
- Worked in the medical device industry for over 40 years in a number of senior management positions

5. Key people, corporate governance and benefits (continued)

DIRECTOR & EXPERIENCE

David Di Pilla

Director

- Managing Director and Chief Executive Officer of Home Consortium
- Non-Executive Director of HMC Funds Management Limited (responsible entity of HomeCo Daily Needs REIT)
- Founder, director and the major shareholder of Aurrum
- Former strategic advisor and Director to operating subsidiaries of the Tenix Group of Companies from 2014 to 2016
- Over 20 years of experience in investment banking. From 2004 to 2015, David was Managing Director and Senior Adviser at UBS, Australia and during this time he advised some of Australia's largest corporations on mergers and acquisitions, debt and equity capital market transactions

The Hon Kelly O'Dwyer

Non-Executive Director

- Independent Non-Executive Director of Home Consortium, EQT Holdings Limited and Barrenjoey Capital Partners Group Holdings Pty Ltd
- Served in the Australian Parliament as a Senior Cabinet Minister holding a number of key economic portfolios including Minister for Jobs and Industrial Relations; Minister for Revenue and Financial Services; Minister for Small Business; and Assistant Treasurer
- Served as Minister for Women; as well as Minister Assisting the Prime Minister with the Public Service
- Former member of the Cabinet's Budget Committee (the Expenditure Review Committee)
- Prior to entering Parliament, worked in law, government and finance and brings insights across a range of sectors including funds management, superannuation, workplace relations, foreign investment, law and banking

Natalie Meyenn

Independent Non-Executive Director

- Over 25 years' experience in financial services and investing globally
- Previously held the roles of CIO and Chair of the Investment Committee for MLC Private Equity
- Worked in Investment Banking (M&A, capital markets and public finance) in New York and Sydney for many years and spent time at the World Bank working in Asia, Africa and the Pacific Islands on microfinance, project finance and climate change impact mitigation strategies
- Adviser, director and/or shareholder for a small number of asset management and investment businesses in Europe and Australia, including a carbon neutral asset management platform in Australia
- Proposed director of the fund manager of the Unlisted Fund

DIRECTOR & EXPERIENCE

Stephanie Lai

Independent Non-Executive Director, Chair of Audit and Risk Committee

- Independent Non-Executive Director of HMC Funds Management Limited (responsible entity of HomeCo Daily Needs REIT), Superloop and Future Generation Investment Company
- Over 20 years' experience as a Chartered Accountant and a former M&A partner of Deloitte and KPMG
- Significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity
- Holds a Bachelor of Business (University of Technology Sydney) and is a Graduate Member of the Australian Institute of Company Directors and the Institute of Chartered Accountants (Australia and New Zealand)

5.3.2. Management team

The external management team will comprise a group of professionals with experience in asset and funds management and property investment and management. It will have skills across the key disciplines of asset management, project and development management and asset finance. The key management team of HomeCo are outlined below.

MANAGEMENT & EXPERIENCE

Sam Morris

Senior Portfolio Manager – HealthCo

- Joined HomeCo in 2021 to oversee the healthcare and wellness strategy
- Former head of ANZ Health Corporate and Institutional, where he was responsible for the profitability and growth of ANZ's national health business
- 16 years' experience in acquisition finance, corporate and institutional banking with a focus on healthcare

Sid Sharma

HomeCo Chief Operating Officer

- Joined HomeCo in 2019 and oversees the day to day operational functions of the business including leasing, property management, development, asset management and marketing
- Extensive retail operations and property experience and has previously held executive roles at DEXUS, Woolworths and Westpac across leasing, asset management, developments and operations
- Holds a Bachelor of Laws and Bachelor of Business (Economics & Finance) from Western Sydney University and was recipient of the Vice Chancellors leadership scholarship
- Most recently, was Chief Operating Officer at SCA Property Group

5. Key people, corporate governance and benefits (continued)

MANAGEMENT & EXPERIENCE

Will McMicking

HomeCo Chief Financial Officer

- Part of the team that established HomeCo and is responsible for overseeing all of the finance functions across the group
- 14 years investment banking and corporate finance experience having previously held roles at UBS, Australia and EY
- Member of the Institute of Chartered Accountants

Andrew Selim

HomeCo General Counsel and Company Secretary

- Joined HomeCo in 2017 and is General Counsel and Company Secretary
- Former Senior Legal Counsel and Company Secretary at The GPT Group and Senior Associate at Allens Linklaters
- Member of the Governance Institute of Australia, Member of the Association of Corporate Counsel Australia and Member of the Australian Institute of Company Directors
- Served on the Law Society of NSW In-House Corporate Lawyers Committee and recognised in The Legal 500 GC Powerlist and Doyles Best Lawyers Guide
- Holds a Master of Laws, Bachelor of Laws (Honours) and Bachelor of Science (Advanced), all from the University of Sydney

5.4. Advisory Panel

HomeCo has also established a specialist Advisory Panel to assist with the execution of the health and wellness strategy for HealthCo REIT and the Unlisted Fund. The Advisory Panel includes leaders across the healthcare space and will complement the existing skills of the HomeCo management team and directors.

ADVISOR & EXPERIENCE

Danny Sims

Former CEO of Ramsay Health Care Australia

- Former CEO of Ramsay Health Care Australia. Ramsay Health Care Australia is the leading operator of private hospitals in Australia with 72 hospitals and day surgeries. Danny started with Ramsay in 2003 after emigrating from the USA
- Chair of the Ramsay Hospital Research Foundation from its inception in 2015 to 2021
- Board member of the Australian Private Hospital Association (APHA) for 13 years, including President of the APHA for four years from 2016 to 2020, and Board member of HESTA from 2016 to 2020
- Former healthcare financial executive for a variety of companies and hospital audit specialist for eight years with Ernst & Young

ADVISOR & EXPERIENCE

Jane McAloon

Former President Governance and Group Company Secretary of BHP Billiton

- Over 25 years' experience in the natural resources, energy, infrastructure and utility industries
- Non-executive director of Home Consortium, Energy Australia, United Malt Group, Newcrest Mining and Allianz Australia. She is also Chair of Monash University Foundation
- Former non-executive director of Healthscope
- President Governance and Group Company Secretary at BHP Billiton for nine years and, prior to this, was senior executive at AGL Energy Limited. She also worked in executive leadership roles with the NSW Government Cabinet Office and the Energy, Rail and Natural Resources Departments

Professor Bruce Robinson AM

Former Dean, Sydney University Medical School & MBS Review Chair, Australian Federal Government

- Endocrinologist with over 30 years' leadership experience as an academic physician and scientist across research, healthcare and medicine, and tertiary education
- Holds a Doctorate in Medicine and Master of Science from the University of Sydney
- Non-executive director of Cochlear Limited
- Non-executive director of ASX-listed pharmaceutical manufacturer Mayne Pharma Group Limited as well as life sciences company QBiotics Group Limited

Tom Hardwick

Former CEO of Guardian Early Learning

- Former CEO of Guardian Early Learning Group, a childcare business he co-founded in 2004 and grew to become one of the largest childcare businesses in Australia with over 100 operating centres
- Prior to his time with Guardian, Tom was Head of Funds Management at Abacus Property Group, spent time in property investment banking with BBY and Paterson Ord Minnett and was a partner with Corrs Chambers Westgarth
- Completed a Bachelor of Laws and Masters in Commerce from the University of Melbourne and spent a year in the USA as a Fulbright Scholar

Dr Chris Roberts AO

See Section 5.3.1

The Hon Kelly O'Dwyer

See Section 5.3.1

Joseph Carrozzi AM

See Section 5.3.1

Natalie Meyenn

See Section 5.3.1

5. Key people, corporate governance and benefits (continued)

5.5. Relationship between HomeCo and HealthCo REIT

As described in this PDS, a number of agreements have been entered into between HealthCo REIT and members of the HomeCo Group. HomeCo will maintain an ongoing relationship with HealthCo REIT in the following manner:

- the Responsible Entity is a member of the HomeCo Group and as such, HomeCo retains the right to appoint (and replace) all Directors on the board of the Responsible Entity;
- two of the Directors are also directors of HomeCo;
- the Managers are members of the HomeCo Group;
- HCDL will maintain an investment in HealthCo REIT and following Completion will have an investment of 20% of Units on issue, subject to a 12 month voluntary escrow arrangement;
- A member of the HomeCo Group will manage the Unlisted Fund, which will have a complementary investment objective to the REIT and aim to jointly invest in co-investment opportunities with the REIT; and
- HomeCo will provide a rental guarantee in relation to Morayfield Health Hub and income guarantees in relation to Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween. Refer to Section 13.14.4 for further information.

Certain expenses of the Responsible Entity and the Managers will also be reimbursed from assets of HealthCo REIT, pursuant to the Constitution and the Management Agreements. Further detail regarding the key terms of these agreements is contained in Section 14. In addition, fees and expenses payable to the Responsible Entity and the Investment Manager under the Constitution or the Investment Management Agreement may in certain circumstances be satisfied by the issue of Units.

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. It is important for Unitholders to be able to assess whether the Responsible Entity takes an appropriate approach to related party transactions. Refer to Section 5.9.5.7 for details on HealthCo REIT's Conflicts of Interest and Related Party Transactions Policy and the procedures it has in place to manage conflicts of interest and related party transactions following Completion.

5.6. Non-executive Director equity participation

5.6.1. Non-Executive Director Unit acquisition arrangement

Non-Executive Directors can elect to apply up to 50% of their after-tax Board fees to acquire Units under a Unit acquisition arrangement. The Units will be purchased on the Non-Executive Director's behalf on-market, at the prevailing market price, at the next available trading opportunity following payment of the fees, subject to the HomeCo Group Securities Trading Policy.

5.6.2. Non-Executive Director special purchase of Units

The Responsible Entity intends to make a one-off payment of fees to each Non-Executive Director for additional time and effort contributed in relation to the HealthCo REIT achieving Completion. The one-off payment will be applied, after the cost of any compulsory superannuation contributions and the deduction of tax, as required, to purchase Units on behalf of each Non-Executive Director (at the Offer Price). The quantum of the payment will be equal to two times the consulting fees payable to the Non-Executive Director in the lead up to Completion. The consulting fees will be determined based on the greater of $10,000 per calendar month (reduced on a pro rata basis for part of a month) and $25,000.

It is anticipated that a total of 78,786 Units will be purchased on behalf of the Non-Executive Directors, with each Non-Executive Director receiving an average of 15,757 Units. Unless the Board determines otherwise, the Units purchased will be subject to disposal restrictions until the Non-Executive Director retires from the Board.

5.7. Interests and benefits of Directors

Except as set out below or elsewhere in this PDS, no Director or proposed Director holds, or held at any time during the last two years any interest in:

- the formation or promotion of the REIT; or
- property acquired or proposed to be acquired by the REIT in connection with either their formation or promotion of the Offer,

and no person had paid or agreed to pay, or given or agreed to give, any benefit to a Director or proposed Director:

- to induce them to become, or to qualify as, a Director; or
- for services provided by a Director or proposed Director in connection with either the formation or promotion of the REIT or with the Offer.

5.7.1. Directors' interests

The Directors (and their associates) are entitled to apply for Units under the Offer.

A summary of the Directors' unitholdings, following Completion, is provided below.

Directors unitholdings

	Interest in Units
Joseph Carrozzi AM	224,939
Dr Chris Roberts AO	509,636
David Di Pilla	21,637,525
The Hon Kelly O'Dwyer	34,636
Natalie Meyenn	24,939
Stephanie Lai	109,636
Total Directors	**22,541,311**

The Units to be acquired by Directors under the Offer may be held directly or indirectly through other holdings by companies or trusts, including HomeCo. David Di Pilla's interest in HealthCo REIT arises by virtue of his acquisition of 500,000 Units under the Offer and an indirect interest in 21,137,525 Units arising from his interest in HomeCo and HomeCo's 20% interest in HealthCo REIT.

5.7.2. Remuneration and related arrangements

5.7.2.1. Directors

Under the Constitution, the Responsible Entity is entitled to be indemnified out of the REIT for costs incurred in relation to the proper performance of its duties. The Responsible Entity's practice is to reimburse the Directors' fees and expenses for non-executive Directors only out of the REIT. This is limited to the reimbursement of reasonable expenses incurred by such persons for the purposes of attending Board meetings and the appropriate Director's fees, unless the Responsible Entity determines otherwise. As at the PDS Date, the annual independent non-executive chair fees agreed to be paid out of the REIT to Joseph Carrozzi AM with effect from the REIT's listing on the ASX is $150,000 per annum. The annual non-executive Directors' fees agreed to be paid out of the REIT to the other directors (other than David Di Pilla) with effect from the REIT's listing on the ASX is $100,000 per annum. Stephanie Lai will receive an additional $30,000 for committee fees for her role as chair of the Audit and Risk Committee. Joseph Carrozzi AM and Natalie Meyenn will receive an additional $10,000 for committee fees as members of the Audit and Risk Committee.

5. Key people, corporate governance and benefits (continued)

5.7.2.2. Deeds of access, indemnity and insurance

The Responsible Entity has entered into deeds of access, indemnity and insurance with each Director (with the obligations of the Responsible Entity guaranteed by HomeCo). Each deed contains a right of access to certain books and records of the Responsible Entity for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the constitution of the Responsible Entity, the Responsible Entity must indemnify each of its officers on a full indemnity basis and to the full extent permitted by law against any liability to another person (other than the Responsible Entity or a related body corporate of the Responsible Entity) incurred by those individuals as officers of the Responsible Entity, unless such liability arises out of conduct involving a lack of good faith. Under the deeds of access, indemnity and insurance, the Responsible Entity indemnifies each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Responsible Entity.

Pursuant to the Constitution, the Responsible Entity may purchase and maintain insurance for each Director and executive officer of the Responsible Entity to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Responsible Entity. Under the deeds of access, indemnity and insurance, the Responsible Entity must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

5.7.2.3. Management

No fees or salaries are paid by the REIT to the directors, officers or employees of the Managers. Unless disclosed elsewhere in this PDS, no officer of a Manager currently has or has had any material beneficial interest, either direct or indirect, in the promotion of the REIT and in any property acquired or proposed to be acquired by the REIT, or any other similar transaction.

5.8. Custodian

The Custodian is Equity Trustees Limited (ACN 004 031 298). The Responsible Entity has entered into the Custody Deed with the Custodian, under which the Custodian has agreed to hold the assets of the REIT that are transferred or delivered to the Custodian on behalf of the Responsible Entity. A summary of the key terms of the Custody Deed is set out in Section 13.5.

Kelly O'Dwyer is a director of EQT Holdings Limited, which is the parent company of the Custodian.

5.9. Corporate governance

The Responsible Entity recognises the importance of strong corporate governance and is committed to a high standard of both corporate governance and compliance. The Responsible Entity will determine the appropriate governance arrangements for HealthCo REIT, having regard to market practice, the ASX Recommendations and ensuring that there are adequate arrangements to manage potential conflicts. The corporate governance arrangements established by the Responsible Entity will be continually monitored in order to ensure that they remain effective and appropriate for HealthCo REIT.

The key corporate governance policies and practices that will be adopted by the Responsible Entity in respect of HealthCo REIT from Completion are summarised below.

The board of the Responsible Entity is appointed by HomeCo to monitor the governance, operational and financial position and performance of the REIT. The Board seeks to ensure that the REIT is properly managed to protect and enhance Unitholders' interests, and that the Responsible Entity, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the REIT, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the operation of the REIT and that are designed to promote the responsible management and conduct of the REIT.

5.9.1. ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has developed the ASX Corporate Governance Principles and Recommendations (4th edition) (**ASX Recommendations**) for ASX-listed entities to promote investor confidence and assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but have provided guidelines against which entities have to report on an "if not, why not" basis.

The board of the Responsible Entity has adopted policies recommended by the ASX Recommendations, to the extent that they are applicable to an externally managed listed entity. Under the Listing Rules, the REIT will be required to disclose the extent of its compliance with the ASX Recommendations for each reporting period. Where the REIT has not followed an ASX Recommendation, it will be required to identify the recommendation that has not been followed and give reasons for not following it. The REIT must also explain what (if any) alternative governance practices it adopted in lieu of the relevant ASX Recommendation during that period.

The REIT intends to comply with all of the applicable ASX Recommendations from the time of Completion, to the extent that they are applicable to an externally managed listed entity, including as they relate to the composition and operation of the Board and the Audit and Risk Committee. The REIT will also disclose, in the annual report, the extent of its compliance with the ASX Recommendations.

5.9.2. Board composition and independence

At Completion, the Board will comprise non-executive Directors, and the majority of Directors will be considered independent for the purposes of the ASX Recommendations. All of the Directors (other than David Di Pilla and Kelly O'Dwyer) are considered independent Directors. Detailed biographies of the Board members are provided in Section 5.3.1. It is the intention of HomeCo that the board of the Responsible Entity remains majority independent.

The Board Charter (as summarised in Section 5.9.3) sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations. In general, Directors will be considered to be independent if they meet those guidelines.

The Board is responsible for the overall governance of the Responsible Entity. The Board considers issues of substance affecting the Responsible Entity, with advice from external advisers as required. Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director must not participate in discussion or resolutions pertaining to any matter for which the Director has a material personal interest.

5.9.3. Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, including in its capacity as the responsible entity of the REIT. The Charter sets out the Board composition, the Board's role and responsibilities, the relationship and interaction between the Board and management and the authority delegated by the board to management and Board committees.

The key functions of the Board include:

- contributing to and approving management's development of strategy for the REIT, including setting performance objectives and approving operating budgets;
- monitoring performance of the Manager including the implementation of strategy and policy for the REIT;
- reviewing, ratifying and monitoring systems of risk management and internal control, and ethical and legal compliance;
- approving operating budgets, major capital expenditure, acquisitions and divestitures, monitoring capital management, and approving any transactions or matters in excess of authority levels delegated to management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting and ensuring compliance with financial reporting requirements;
- approving the payment of distributions to Unitholders in accordance with the Constitution; and
- developing and reviewing corporate governance principles and policies.

The management function is conducted by the Managers as directed by the Board and in accordance with the Management Agreements. The Managers must supply the Board information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. The Board collectively, and any Director individually, may seek independent professional advice at the Responsible Entity's expense, following consultation with the Chair or the Board, with the advice being made available to the Board as a whole.

The Board retains oversight over all aspects of HealthCo REIT's business and affairs.

5. Key people, corporate governance and benefits (continued)

5.9.4. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. Membership of Board committees is based on the needs of the REIT, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

COMMITTEE	OVERVIEW	PROPOSED MEMBERS
Audit and Risk Committee	The Audit and Risk Committee assists the Board to carry out its accounting, auditing and financial reporting responsibilities, including with respect to the oversight of, among other things: • the reliability and integrity of the REIT's financial management, application of accounting policies, financial reporting systems and processes; • the appointment, remuneration, independence and competence of the REIT's external auditors; • the performance of the external audit functions and review of their audits; • the accounting judgments exercised by management in preparing the REIT's financial statements; • management's performance against the REIT's risk management framework; • the implementation and effectiveness of the REIT's system of risk management and internal controls; • the REIT's systems and procedures for compliance with applicable legal and regulatory requirement; • the REIT's taxation risk management, financial risk management, business policies and practices, and risks associated with transactions of a strategic or routine nature; and • related party transactions and protocols to assist the Board in managing any actual and/or perceived conflicts of interest.	Stephanie Lai (Chair); Joseph Carrozzi AM; Natalie Meyenn
Remuneration Committee	Given that the REIT currently has no employees, the Responsible Entity has not established a remuneration committee. The Responsible Entity has applied for and expects to be given in-principle confirmation that ASX will grant a waiver from the ASX requirement to establish a remuneration committee, as further described in Section 14.7 of this PDS. The remuneration of the independent, non-executive Directors (comprising all of the Directors other than David Di Pilla and Kelly O'Dwyer as at the PDS Date) is determined by the Board, details of which are set out in Section 5.7.2.1 of this PDS. David Di Pilla has waived his remuneration. Management are employed or engaged by HomeCo Group members and not by the Responsible Entity. Accordingly, their remuneration is determined by the relevant employing entity within the HomeCo Group.	

5.9.5. Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared with regard to the ASX Recommendations and which will be available on HealthCo REIT's website at www.home-co.com.au.

5.9.5.1. Code of Conduct

The Responsible Entity recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct, which is followed by all Directors, as well as all other officers and employees of the Managers, and all other persons that act on behalf of HealthCo REIT.

The Code of Conduct is designed to provide a benchmark of professional behaviour throughout HealthCo REIT, support its business reputation and corporate image within the community and make Directors and employees and officers of the Managers aware of the consequences if they breach the policy.

5.9.5.2. Securities Trading Policy

The Responsible Entity has adopted the HomeCo Group Securities Trading Policy to regulate dealings in Units. The policy explains the type of conduct that is prohibited under the Corporations Act and other laws applicable to the Responsible Entity and HealthCo REIT. The policy also establishes a best practice procedure in relation to dealings in Units by Directors, employees and officers of the HomeCo Group and their associates.

The policy sets out the restrictions that apply to such dealings including the "blackout periods", during which certain persons are generally not permitted to deal in Units along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to dealings.

5.9.5.3. Continuous Disclosure Policy

Once HealthCo REIT is listed on the ASX, the Responsible Entity will be required to comply with the continuous disclosure requirements of the Listing Rules, in addition to those disclosure requirements to which the Responsible Entity is currently subjected to under applicable law. Subject to the exceptions contained in the Listing Rules, the Responsible Entity will be required to disclose to the ASX any information concerning HealthCo REIT which is not generally available and which a reasonable person would expect to have a material effect on the price or value of Units.

The Responsible Entity is committed to observing its continuous disclosure obligations and has adopted a continuous disclosure policy which establishes procedures that are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information.

5.9.5.4. Unitholder Communication Policy

The Responsible Entity has adopted a Unitholder Communication Policy. The Responsible Entity aims to ensure that Unitholders are provided with sufficient information to assess the performance of the REIT and that they are informed of all major developments affecting the state of affairs of the REIT in accordance with all applicable laws.

All announcements made to the market, including half year and annual financial results, will be posted on HealthCo REIT's website www.home-co.com.au as soon as they have been released by the Responsible Entity on the ASX. The full text of all notices of meetings and explanatory material, annual reports and copies of all investor presentations made to analysts and media briefings will be posted on HealthCo REIT's website.

5.9.5.5. Whistleblower Policy

The Responsible Entity has adopted a Whistleblower Policy, which encourages the reporting of suspected unethical, illegal, fraudulent, corrupt or dishonest conduct and provides that those who report may do so with confidence and without fear of intimidation, ramifications or adverse consequences. Reportable conduct under the whistleblower policy includes (but is not limited to):

- dishonest, corrupt, fraudulent or unlawful conduct or practices, including bribery;
- financial irregularities;
- unfair, dishonest or unethical dealings with a customer or third party; and
- unethical or serious improper conduct including breaches of any legal or regulatory obligations.

The Whistleblower Policy ensures protection over whistleblowers by allowing for anonymous reports to be made, protecting confidentiality of the whistleblowers and not tolerating any detriment caused or threatened to be caused against any person who has made or who is believed to have made a report regarding the reportable conduct.

5. Key people, corporate governance and benefits (continued)

5.9.5.6. Anti-corruption Compliance Policy

The Responsible Entity has adopted an Anti-corruption Compliance Policy to demonstrate its commitment to conducting its business and operations with honesty, integrity and the highest standards of personal and professional ethical behaviour, complementing its Code of Conduct. All employees, officers, Directors and agents acting for, or representing the Responsible Entity (including officers and employees of the Managers), in all their dealings including (but not limited to) interactions with customers, tenants, local authorities, government bodies, subcontractors or service providers must not either directly or indirectly:

- offer, promise, give, solicit or accept any bribe or facilitation payments;
- falsify any books, record or accounts relating to HealthCo REIT;
- offer to provide gifts, hospitality or any other benefit to public officials without prior approval of the Company Secretary of HealthCo REIT;
- make any political or charitable donations on behalf of HealthCo REIT which are or could be perceived to be a bribe;
- engage with or deal with third parties or agents acting for or representing HealthCo REIT such as giving secret commissions; and
- cause, authorise or wilfully ignore any conduct that is believed or suspected to be contrary to this policy or anti-corruption laws, or to aid or abet such conduct.

5.9.5.7. Conflicts of Interest and Related Party Transactions Policy

The Responsible Entity has obligations under the Corporations Act and Listing Rules to have in place adequate arrangements to identify and manage conflicts of interest or duty and related party transactions. Given the relationships between the REIT and HomeCo Group, and the REIT and the Unlisted Fund, the Responsible Entity has adopted a Conflicts of Interest and Related Party Transactions Policy to ensure there are adequate arrangements to identify and manage conflicts of interest or duty and related party transactions. The Responsible Entity will have regard to the Co-Investment Framework Agreement in managing related party transactions.

In relation to related party transactions, the key elements of the policy include the following:

- the Board will consider the information provided in order to determine whether and how to proceed with any proposed related party transaction. In considering the information, the Board may seek further advice from appropriately qualified advisers and professionals required; and
- each related party transaction will be approved by Unitholders unless the Board determines that it falls within an appropriate exception, including where a transaction is on arm's length terms or terms that are more favourable to the business than arm's length terms.

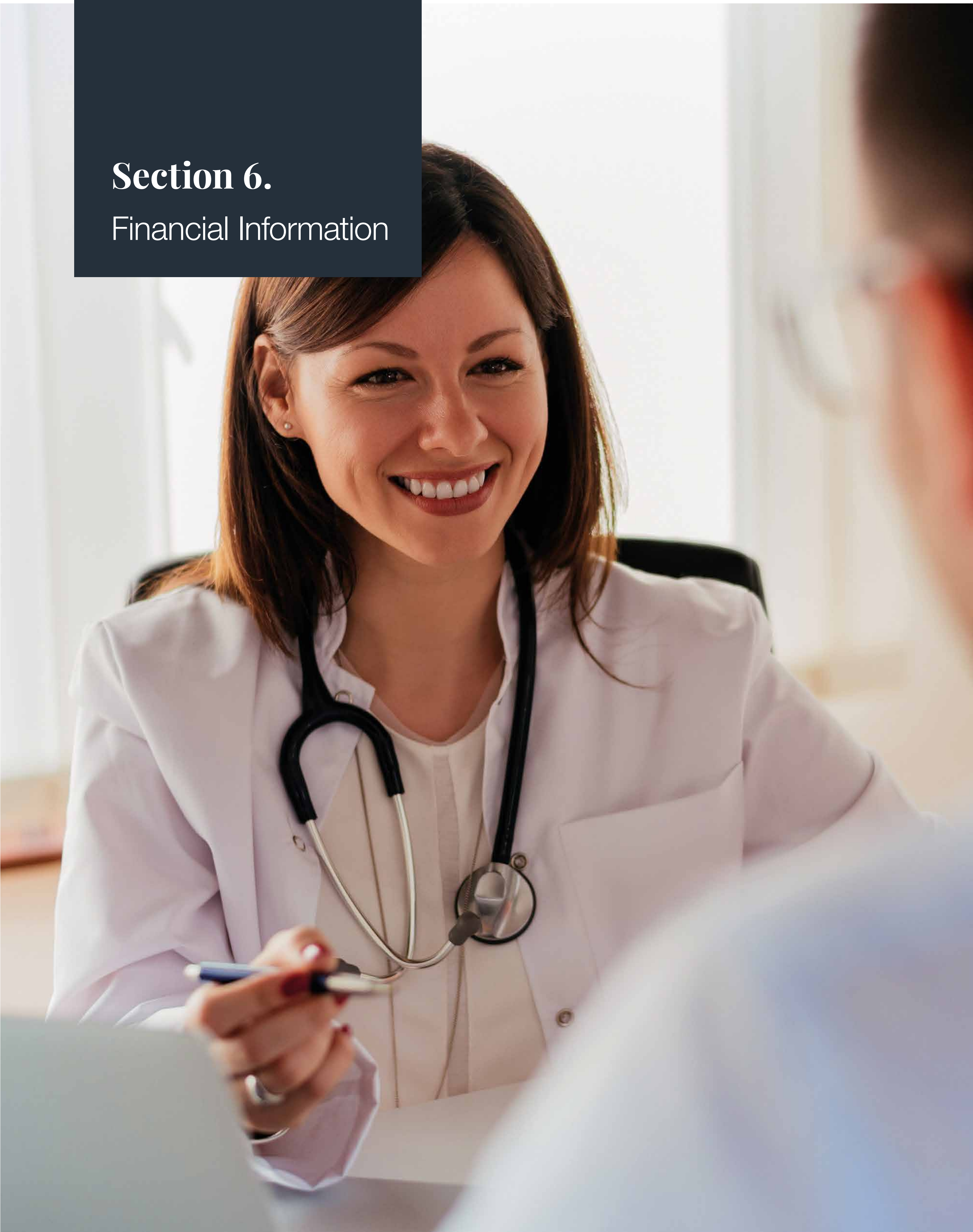
In relation to conflicts of interest, the policy aims to

- identify any actual, perceived or potential conflicts of interest;
- outline policies and procedures to assess and evaluate conflicts of interest; and
- establish processes and procedures to monitor and manage conflicts of interest.

The REIT, the Responsible Entity and the Managers, and any entities owned and controlled, either beneficially or legally, by the REIT or the Responsible Entity, are required to adhere to the Conflicts of Interests and Related Party Transactions Policy.

Section 6.

Financial Information



6. Financial Information

6.1. Introduction

The financial information for HealthCo REIT and its respective controlled entities, contained in this Section has been prepared by the Responsible Entity and comprises:

- The pro forma consolidated statement of financial position at the Completion Date (the **Pro Forma Statement of Financial Position**);
- Forecast financial information, being:
  - the forecast consolidated statement of profit and loss for the period from the Completion Date to 30 June 2022 (the **Forecast Statement of Profit and Loss**); and
  - the forecast consolidated funds from operations for the period from the Completion Date to 30 June 2022 (the **Forecast FFO**);

  (together the **Forecast Financial Information**);
- Pro forma forecast financial information, being:
  - the pro forma forecast consolidated statement of profit and loss for the 6 months to 30 June 2022 (the **Pro Forma Forecast Statement of Profit and Loss**); and
  - the pro forma forecast consolidated funds from operations for the 6 months to 30 June 2022 (the **Pro Forma Forecast FFO**);

  (together the **Pro Forma Forecast Financial Information**).

The Pro Forma Statement of Financial Position, Forecast Financial Information and Pro Forma Forecast Financial Information is collectively referred to as the **Financial Information**. All Financial Information is presented on the basis that the Offer is fully subscribed to $650 million.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest $1,000. Rounding of the figures provided in this Section may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Information provided in this Section should be read in conjunction with the sensitivities outlined in Section 6.6, the risk factors outlined in Section 7, and the other information provided in this PDS.

The Financial Information, as defined above, has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Ernst & Young Strategy and Transactions Limited whose Independent Limited Assurance Report is contained in Section 9. Investors should note the scope and limitations of that report.

Also summarised in this Section are:

- the basis of preparation and presentation of the Financial Information and explanation of certain non-IFRS financial measures (Section 6.2);
- a reconciliation of the forecast and pro forma forecast net profit to the forecast and pro forma forecast FFO for the financial periods from the Completion Date to 30 June 2022 and the 6 months to 30 June 2022 respectively (Section 6.3.2);
- a reconciliation of the forecast net profit from the Completion Date to 30 June 2022 to the pro forma forecast net profit for the 6 months to 30 June 2022 (Section 6.3.3);
- a description of the transactions and adjustments underlying the Pro Forma Statement of Financial Position of the REIT at the Completion Date (Section 6.2.2);
- general and specific best-estimate assumptions underlying the Forecast Financial Information and Pro Forma Forecast Financial Information (Section 6.5);
- key sensitivities in respect of the Pro Forma Forecast Financial Information (Section 6.6);
- a description of the REIT's significant accounting policies (Section 6.7); and
- commentary on the liquidity of, and the sources of capital available to the REIT (Section 6.4.1).

See Section 2.8 for a summary of HealthCo REIT's distribution policy and Section 13.13 for a summary of the key terms of the Debt Facility.

6.2. Basis of preparation and presentation of Financial Information

6.2.1. Overview

The Financial Information has been prepared to reflect the implementation of the Offer, including the acquisition of the Properties in the Portfolio which are owned or expected to settle at or before the Completion Date as described in this PDS.

No standalone historical financial statements of HealthCo REIT exist. HealthCo REIT has not historically conducted a business or held any assets or liabilities other than the acquisition of four assets in the six month period to 31 December 2020. It acquired an additional two assets in the six month period to 30 June 2021.

The assets and results of HealthCo REIT for the six month period to 31 December 2020 are included in the consolidated financial statements of HomeCo, which were lodged with ASIC on 24 February 2021 and are available at www.asx.com.au.

HealthCo REIT will report on a financial year ending 30 June basis. Accordingly, HealthCo REIT's first annual statutory financial period will be the period from the date it was registered by ASIC as a registered scheme to 30 June 2022.

No statements of cash flows have been included in this PDS as the Directors believe that the provision of this financial information would not be relevant and meaningful to potential investors.

The Directors are responsible for the preparation and presentation of the Financial Information.

The Forecast Statement of Profit and Loss has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards (**AAS**).

The Pro Forma Statement of Financial Position has been prepared in accordance with the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions and the Offer as if they occurred as at the Completion Date.

The Pro Forma Forecast Statement of Profit and Loss has been prepared in accordance with the recognition and measurement principles contained in AAS.

The Forecast FFO represents the forecast consolidated net profit adjusted for acquisition and transaction costs, straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees and rental guarantees with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

The Pro Forma Forecast FFO represents the pro forma forecast consolidated net profit adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees and rental guarantees with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 6.7.

The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures and comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose annual financial reports prepared in accordance with the Corporations Act.

The Forecast Financial Information and Pro Forma Forecast Financial Information is based on the best-estimate assumptions set out in Section 6.5. The Directors believe that the Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared with due care and attention, and consider the best-estimate general and specific assumptions in Section 6.5 to be reasonable at the time of preparing this PDS.

Due to its nature, the Pro Forma Statement of Financial Position does not represent the REIT's actual or prospective financial position.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the REIT's actual or prospective financial performance and funds from operations for the 6 months to 30 June 2022.

The Financial Information has been prepared on the basis that the Offer is completed on 2 September 2021 (the **Completion Date**). Prospective investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Financial Information, and that any deviation in the assumptions on which the Financial Information is based may have a material positive or negative effect on the REIT's actual financial performance, FFO and/or financial position.

Investors are advised to review the best-estimate assumptions set out in Section 6.5, in conjunction with the sensitivity analysis set out in Section 6.6, the risk factors set out in Section 7 and other information set out in this PDS.

6. Financial Information (continued)

6.2.2. Preparation of the Pro Forma Statement of Financial Position

Table 5 presents the Pro Forma Statement of Financial Position of the REIT at the Completion Date on the basis that the Offer is fully subscribed to $650 million. The Pro Forma Statement of Financial Position represents HealthCo REIT's financial position at the Completion Date, and has been prepared to reflect the following underlying transactions and adjustments at the Completion Date:

- the acquisition of the Properties in the Portfolio which are owned or expected to settle at or before the Completion Date for $495 million;
- no drawn borrowings from the Debt Facility at the Completion Date;
- total $650 million raising under the Offer (less equity raising costs) incorporating $520 million cash proceeds from the Offer and $130 million HomeCo investment in the REIT, through the issue of 325 million Units at $2.00 per Unit;
- the Properties in the Portfolio which are owned were initially funded via an inter-company loan from HCL which will be repaid by the REIT from proceeds raised under the Offer, including the $130 million subscription by HomeCo with the remaining portion of the inter-company loan repaid from Cash proceeds from the Offer;
- $51 million acquisition and transaction costs relating to the Offer (of the total acquisition and transaction costs, $40 million is offset against equity, $5 million will be capitalised against borrowings, and $6 million is expensed through the Forecast Statement of Profit and Loss), comprising:
  - $22 million stamp duty and land transfer fees relating to the acquisition of the Portfolio (incorporating $4 million for the Contracted Acquisitions);
  - $19 million transaction costs relating to the Offer;
  - $5 million debt establishment fees will be capitalised against borrowings; and
  - $5 million other transaction costs including professional and ASX listing fees.
- $44 million working capital retained by the REIT.

Contracted Acquisitions of four Properties, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween, for $59 million, are expected to settle after the Completion Date and therefore are not included on the Pro Forma Statement of Financial Position at the Completion Date.

The adjustments discussed above include assumptions relating to matters that are not known as at the date of this PDS. The Pro Forma Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the REIT's future financial position.

6.2.3. Preparation of the Forecast Financial Information and Pro Forma Forecast Financial Information

The Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions and on a number of best-estimate assumptions, including the general assumptions and the specific assumptions set out in Section 6.5.

The Directors have prepared the Forecast Financial Information and Pro Forma Forecast Financial Information with due care and attention. They consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this PDS. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information and Pro Forma Forecast Financial Information.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and Pro Forma Forecast Financial Information, and that this may have a material positive or negative effect on the REIT's actual financial performance, financial position and/or FFO. Investors are advised to review the assumptions set out in Section 6.5 in conjunction with the sensitivity analysis set out in Section 6.6, the risk factors set out in Section 7, and other information set out in this PDS.

The Forecast Financial Information and Pro Forma Forecast Financial Information assumes the Offer is completed on the Completion Date of 2 September 2021.

The Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2022 has been derived from the Forecast Statement of Profit and Loss for the period from the Completion Date to 30 June 2022, adjusted to exclude the profit and loss impact of any transactions, which are forecast to occur from the Completion Date to 31 December 2021. A reconciliation is shown in Table 4.

The Pro Forma Forecast FFO for the 6 months to 30 June 2022 has been derived from the Forecast FFO for the period from the Completion Date to 30 June 2022, adjusted to exclude the FFO impact of any transactions which are forecast to occur from the Completion Date to 31 December 2021.

See Section 6.5 for further details of the adjustments.

The Directors have no intention to update or revise the Forecast Financial Information and Pro Forma Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this PDS, except where required by law.

6.2.4. Non-IFRS financial measures and disclosure

The REIT uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities.

These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although the Directors and the Managers believe these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the PDS.

In the disclosures in this PDS, the REIT uses the following non-IFRS financial measures:

- FFO, which has been determined with reference to best practice guidelines published by the Property Council of Australia in May 2019 and represents net profit adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees, acquisition and transaction costs, and rental guarantees. FFO is used by the Board to make strategic decisions and as an input to assessing an appropriate distribution to declare.
- EBITDA: earnings before net finance costs, income tax expense or benefit, depreciation, amortisation, net fair value increment or decrement of investment properties and other gains;
- Distribution Yield: represents the rate of return derived by dividing the annualised distribution per Unit by the Offer Price;
- NTA: net tangible assets, represents the REIT's net tangible assets;
- NTA per Unit: represents NTA divided by the number of Units on issue;
- Gearing (%): Borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by Total Assets less Cash and cash equivalents.

6.3. Statements of profit and loss

This Section contains the REIT's Forecast Statement of Profit and Loss from the Completion Date to 30 June 2022, the REIT's Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2022, and a reconciliation of forecast and pro forma forecast net profit to forecast and pro forma forecast FFO respectively, and a reconciliation of the forecast net profit to the pro forma forecast net profit.

6.3.1. Forecast and pro forma forecast statements of profit and loss

Table 1 sets out the REIT's Forecast Statement of Profit and Loss from the Completion Date to 30 June 2022 and the REIT's Pro Forma Forecast Statement of Profit and Loss for the 6 months to 30 June 2022 on the basis that the Offer is fully subscribed to $650 million.

6. Financial Information (continued)

Table 1: Forecast and pro forma forecast statements of profit and loss

A$ 000s	Forecast – Completion Date to 30 June 2022[1]	Pro forma forecast – 6 months to 30 June 2022
Property rental income	23,633	15,247
Straight lining of rental income and amortisation of lease incentives	2,328	1,436
Other income[2]	543	–
Total revenue	**26,504**	**16,683**
Direct property expenses and outgoings	(4,816)	(3,215)
Acquisition and transaction costs[3]	(6,246)	–
Responsible Entity fees	(3,128)	(1,949)
Other corporate expenses	(1,619)	(991)
Total expenses	**(15,809)**	**(6,155)**
EBITDA	**10,695**	**10,528**
Finance costs – net[4]	(3,495)	(2,095)
Net profit[5]	**7,199**	**8,432**

Notes:

1. The Forecast Statement of Profit and Loss has been prepared assuming the Offer is implemented on the Completion Date.
2. In the period from the Completion Date to 30 June 2022, $0.5 million other income relates to income guarantees for Contracted Acquisitions, Armadale, GenesisCare Ringwood, GenesisCare Urraween and GenesisCare Bundaberg; refer to income guarantees forecast assumption in Section 6.5.2 for more detail.
3. Expensed acquisition and transaction costs reflect stamp duty, transfer duty and advisers' fees totalling $6 million.
4. In the period from the Completion Date to 30 June 2022, $3.5 million net finance costs comprises $2.1 million interest expense (net of $0.2 million interest capitalised relating to centres under development) and $1.4 million debt establishment fee amortisation expense. In the 6 months to 30 June 2022, $2.1 million net finance costs comprises $1.3 million interest expense (net of $0.2 million interest capitalised relating to centres under development) and $0.8 million debt establishment fee amortisation expense.
5. The forecast and pro forma forecast statements of profit and loss assume there will be no underlying movement in the fair value of the investment properties or other financial assets during the forecast period. No tax expense is expected to arise for the REIT in the forecast periods.

6.3.2. Reconciliation to Forecast and Pro Forma Forecast FFO

Table 2 and Table 3 provide a reconciliation from net profit to forecast and pro forma forecast FFO and summary key metrics respectively on the basis that the Offer is fully subscribed to $650 million.

Table 2: Reconciliation of forecast and pro forma forecast net profit to forecast and pro forma forecast FFO respectively

A$ 000s	Forecast – Completion Date to 30 June 2022[1]	Pro forma forecast – 6 months to 30 June 2022
Net profit	**7,199**	**8,432**
Acquisition and transaction costs[2]	6,246	–
Straight lining of rental income and amortisation of lease incentives[3]	(2,328)	(1,436)
Amortisation of capitalised debt establishment fees	1,361	833
Rental guarantees	959	573
Proxima coupon	600	461
FFO	**14,037**	**8,864**

Table 3: Key metrics

FFO per Unit (cents)	4.32	2.73
FFO payout ratio (%)	170%	165%
Distributions ($k)	23,899	14,632
Distributions per Unit (cents)	7.35	4.50
Annualised Distribution Yield[4] (%)	4.5%	4.5%
Tax deferred component[5] (%)	100.0%	100.0%
Weighted average number of units (millions)	325	325

Notes:

1. The Forecast FFO has been prepared assuming the Offer is implemented on the Completion Date (2 September 2021).
2. Expensed acquisition and transaction costs reflect stamp duty, transfer duty and advisers' fees totalling $6 million.
3. See Section 6.7 for a discussion of the accounting policy related to the straight lining of property rental revenue.
4. The yields for the periods from the Completion Date to 30 June 2022 and for the 6 months to 30 June 2022 have been calculated as the annualised amounts of the distributions expected to be paid for the quarters ending 31 March 2022 and 30 June 2022. The distribution paid for the quarter ending 31 December 2021 will be pro rata for the period from the Completion Date to 31 December 2021.
5. Tax deferred components of forecast distributions for Australian income tax purposes are determined in accordance with prevailing Australian tax legislation as at the time of preparing the PDS. See Section 11 for further details.

6. Financial Information (continued)

6.3.3. Reconciliation of forecast net profit to pro forma forecast net profit

The difference between the Forecast Statement of Profit and Loss and the Pro Forma Forecast Statement of Profit and Loss for the periods to 30 June 2022 represents the net profit forecast to be incurred from Completion Date to 31 December 2021 as shown in Table 4 below.

Table 4: Reconciliation of forecast net profit to pro forma forecast net profit

A$ 000s	
Forecast net profit – Completion Date to 30 June 2022	**7,199**
Add: acquisition and transaction costs	6,246
Less: net profit from Completion Date to 31 December 2021[1]	(5,012)
Pro forma forecast net profit – 6 months to 30 June 2022	**8,432**

Notes:

1. Excluding acquisition and transaction costs.

6.4. Pro Forma Statement of Financial Position

Table 5 and Table 6 present the Pro Forma Statement of Financial Position of the REIT at the Completion Date and summary key metrics respectively, on the basis the Offer is fully subscribed to $650 million.

Table 5: Pro Forma Statement of Financial Position at the Completion Date

A$ 000s	At the Completion Date
Cash and cash equivalents[1]	103,197
Rental guarantees	959
Current Assets	**104,156**
Investment properties[2]	479,856
Equity accounted investments[3]	14,575
Non Current Assets	**494,431**
Total Assets	**598,587**
Borrowings[4]	(5,000)
Non Current Liabilities	**(5,000)**
Total Liabilities	**(5,000)**
Net Assets	**603,587**
Total Equity[5]	**603,587**

Table 6: Key metrics

Total Number of Units on Issue following Completion	325 million
NTA per Unit on Completion[6]	$1.86 per Unit
Gearing on Completion[7]	Net cash

Notes:

1. Cash balance of $103 million at the Completion Date; post Completion Date $59 million is to be used for Contracted Acquisitions, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween, leaving a cash balance of $44 million.
2. Investment property valuations are based on the Independent Valuations set out in Section 10, excluding Nunawading and the GenesisCare portfolio, which are at purchase price. Investment properties excludes $59 million of Contracted Acquisitions, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween, and is net of $1.0 million rental guarantees in relation to Morayfield Health Hub.
3. Relates to Camden Stages 1, 2, and 3.
4. No drawn debt at the Completion Date; non-current interest bearing borrowings balance represents $5 million of unamortised Debt Facility establishment costs.
5. Equity is based on the $650 million raising under the Offer, less stamp duty and land transfer fees of $22 million relating to the Acquisitions and Contracted Acquisitions; transaction costs of $19 million relating to the Offer; and other transaction costs including professional and ASX listing fees of $5 million.
6. Net Tangible Assets (NTA) per Unit is calculated as Total equity divided by Units on issue.
7. HealthCo REIT will have a net cash position on Completion.

6. Financial Information (continued)

6.4.1. Liquidity and financing sources

HealthCo REIT's external finance facility is expected to be a $400 million Debt Facility, with a net cash balance on Completion Date on the basis that the Offer is fully subscribed to $650 million. Details of the facility are included in Section 13.13.

HealthCo REIT intends to target a Gearing range of 30% to 40%. If the Offer is fully subscribed, the REIT will have a cash balance of $103 million at the Completion Date and $44 million post the settlement of the Contracted Acquisitions, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween.

6.5. Assumptions underlying the Forecast Financial Information and Pro Forma Forecast Financial Information

The Directors' best estimate assumptions relating to the preparation of the Forecast Financial Information and Pro Forma Forecast Financial Information are set out below.

6.5.1. General assumptions

In preparing the Forecast Financial Information and Pro Forma Forecast Financial Information, the key best estimate general assumptions during the forecast period include:

- all tenant leases and leases entered into by the REIT are enforceable and are performed in accordance with their terms;
- CPI of 1.5% in CY21 and 2.0% in CY22;
- no material acquisitions or disposals of investment properties, other than the Acquisitions which are being acquired as part of the Offer, as described in Section 3;
- no material disputes or litigation, beyond what is disclosed in Section 14.9;
- no material change in economic environment;
- no material increase in the level of Federal and State government restrictions due to COVID-19 with restrictions progressively lifted over the forecast period such that no material amount of trading is impacted across the Portfolio. Please refer to the sensitivity of a change in property rental income in Section 6.6 and for a summary of the risks relating to COVID-19 in Section 7;
- no material increase in the level of tenant defaults or decrease in property rental income collection rate;
- no material change in competitive environment in which the REIT operates;
- no material change in credit markets;
- no material changes to the REIT's corporate or funding structure other than as set out in, or contemplated in, this PDS;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information and Pro Forma Forecast Financial Information;
- no significant change to the legislative regime and regulatory environment in the jurisdictions in which the REIT operates;
- no significant amendment to any material contract relating to the REIT's business;
- no material change in the management arrangements (including the manager) of the REIT;
- consistent application of the key accounting policies;
- no material changes in applicable AAS, other mandatory professional reporting requirements or the Corporations Act which have a material effect on the REIT's financial performance, financial position, accounting policies, financial reporting or disclosure during the period;
- no material changes to the Australian tax legislation;
- the REIT will be registered for GST and the amounts presented in the Forecast Financial Information and Pro Forma Forecast Financial Information are net of GST to the extent that it is expected to be recovered by the REIT;
- the Offer proceeds in accordance with the timetable set out in this PDS; and
- no underlying movement or revaluation of the fair value of the investment properties or other financial assets. This includes any mark-to-market movements in relation to the interest rate swaps put in place for the debt, as the Directors do not believe such movements can be reliably estimated.

6.5.2. Specific assumptions

The key best estimate specific assumptions include:

Property rental income

- Property rental income comprises the majority of the REIT's revenue and is generated through operating leases. Property rental income includes outgoings recoveries;
- Property rental income has been forecast on a property-by-property basis and is based on the contractual terms of each existing signed lease and signed MoUs;
- Rental receipts are assumed to increase according to the relevant underlying leases. The Portfolio has fixed and CPI rent reviews;
- The Forecast Financial Information and Pro Forma Forecast Financial Information assumes that Springfield will open in December 2021; and
- The Forecast Financial Information and Pro Forma Forecast Financial Information assumes that Armadale will settle in December 2021, GenesisCare Ringwood will settle in October 2021, and GenesisCare Bundaberg and GenesisCare Urraween will settle in November 2021.

Straight-line lease adjustment to rental income

- In accordance with AAS, a straight-line lease adjustment is provided in relation to future fixed rental increases to ensure rental income is recognised on a straight-line basis over the term of the lease.

Re-letting and vacancy

- Letting up periods have been forecast property-by-property based on the manager's assessment of each tenancy having regard to current discussions and enquiry with both existing and prospective tenants. All vacant space not under a signed MoU is not assumed to be let up in the forecast period;
- Retention rates for existing tenants have been forecast on a property-by-property basis based on the manager's assessment of each existing tenancy having regard to current discussions and enquiry with existing tenants;
- Lease incentives have been forecast on a tenant basis with reference to signed lease agreements or signed MoUs. Lease incentives are assumed to be taken up in the form of rent free period or cash incentives over the term of each respective lease; and
- Leasing costs (commissions) have been assumed on the let up of each individual lease. Leasing costs are capitalised within investment properties.

Rental guarantee

- Following the Offer, the REIT will have a rental guarantee relating to Morayfield Health Hub from 1 September 2021 until 30 June 2022;
- Refer to Section 13.14.4 for further information in relation to the Morayfield Health Hub rental guarantee;
- The Forecast Financial Information and Pro Forma Forecast Financial Information assumes that for these properties cash will be received and tenant incentives will be reimbursed in accordance with the rental guarantees. The level of rental guarantees assumed to be received has regard to the assumptions adopted in respect of tenant retention rates, let ups and lease incentives based on independent valuation forecasts; and
- The net present value of the cash flows expected to be received under the rental guarantees has been capitalised on HealthCo REIT's Pro Forma Statement of Financial Position at the Completion Date and are measured at fair value.

6. Financial Information (continued)

Income guarantee

- Following the Offer, the REIT will receive income guarantees from HomeCo relating to Contracted Acquisitions:
  - GenesisCare Ringwood from 1 September 2021 until the earlier of the lease commencement date (expected to be October 2021) and 30 June 2022 or if the acquisition is cancelled, the date on which the purchase price is invested in alternate property acquisitions by the REIT;
  - GenesisCare Bundaberg and GenesisCare Urraween from 1 September 2021 until the earlier of the lease commencement date (expected to be November 2021) and 30 June 2022; and
  - Armadale from 1 September 2021 until the earlier of the lease commencement date (expected to be December 2021) and 30 June 2022.
- The Forecast Financial Information and Pro Forma Forecast Financial Information assumes income guarantee will be received and recognised in other income up until the settlement date for each property.

Lease incentives

- In accordance with AAS, lease incentives are capitalised and amortised on a straight-line basis over the term of the lease.

Property outgoings

- Outgoings have been forecast on a property-by-property basis having regard to current outgoings and in accordance with the provisions of existing contracts or agreements. Outgoings, exclusive of non-recurring or one-off items, are forecast to increase in line with known increases to statutory rates and taxes, as agreed in existing service contracts, or by 4%;
- Outgoings include land tax, council rates, building insurance, water rates, cleaning, security, pest control, gardening and repairs and maintenance;
- Subject to the provisions of each existing lease agreement, a portion of the total property outgoings or percentage increase in property outgoings are recoverable by the REIT from tenants and recognised as part of rental income on a property-by property basis; and
- Property outgoings relating to Camden Stage 1, Proxima Southport, St Marys and Springfield under development and have been capitalised and excluded from forecast and pro forma forecast net profit and FFO.

Investment Management Fee and Property Management Costs

- The Investment Manager, HomeCo Investment Management Pty Limited (a wholly owned subsidiary of HomeCo), is entitled to receive a base management fee of 0.65% per annum of the GAV of the REIT up to $1.50 billion, and 0.55% per annum of the GAV of the REIT greater than $1.50 billion. Management fees will be paid monthly. In addition, the Responsible Entity will reimburse the Managers for the costs and expenses as described in Section 12;
- The Property Manager, HomeCo Property Management Pty Limited (a wholly owned subsidiary of HomeCo), is entitled to receive property management costs (reimbursement for third party services) for performing property management services in relation to the Properties equal to 3.0% of gross income for each property for each month. In most instances, property management costs are recoverable from tenants through outgoings;
- The Property Manager is entitled to receive leasing fees for the provision of leasing services (as agreed between the Responsible Entity and the Property Manager); and
- The Property Manager is entitled to receive development management fees for the provision of property development services (as agreed between the Responsible Entity and the Manager). Development management fees have been capitalised for Camden Stage 1, Proxima Southport, St Marys, and Springfield whilst the properties are under development and excluded from forecast and pro forma forecast net profit and FFO.

Other corporate expenses

- Other corporate expenses include Directors' fees, audit fees, legal fees, valuation fees, share registry fees, ASX listing fees, tax and compliance fees, insurance, and other costs which the REIT expects to incur. These other expenses have been forecast based on relevant agreements and quotes from external parties and by taking into account factors likely to influence the level of these expenses, including the REIT's estimated market capitalisation and gross assets.

Net interest expense related to borrowings

- Borrowings under the Debt Facility are forecast to incur an average all-in interest rate of 1.9% per annum inclusive of margins, commitment fees and forecast hedging arrangements;
- Establishment fees under the Debt Facility of $5 million have been capitalised against the debt balance and will be amortised on a straight-line basis over the term of the Debt Facility;
- Interest income of 0.0% per annum on any cash balances; and
- Capitalisation of approximate interest costs associated with project capex spent on Proxima Southport, St Marys and Springfield properties under development, assuming an average interest rate of 1.9% per annum.

Tax

- The REIT is expected to be treated as an Attribution Managed Investment Trust for Australian tax purposes. Under current Australian income tax legislation, the REIT is not liable for Australian income tax, including capital gains tax, on the basis that Unitholders will generally be liable for tax on the net income of the REIT on an attribution basis. Accordingly, no allowance for income tax has been made.

Acquisitions and transaction costs

- Transaction costs include stamp duty, transfer duty, ASX listing fees, legal fees, adviser fees, printing and mailing, advertising and other expenses associated with the Offer;
- At the date of this PDS, these transaction costs have been estimated at $51 million based on existing agreements and quotes on the basis of the Offer being fully subscribed to $650 million;
- $40 million of costs associated with raising equity have been offset against equity including $18 million of stamp duty and transfer duty associated with the Offer and Acquisitions;
- $6 million have been expensed to the Forecast Statement of Profit and Loss including $4 million of stamp duty for the Contracted Acquisitions and transfer duty. It is assumed that the stamp duty costs in relation to the Contracted Acquisitions are expensed when incurred and do not lead to an increase in the fair value of the properties; and
- the remaining $5 million is the establishment fees of the Debt Facility which have been capitalised.

Capital expenditure

- Forecast based on the REIT's assessment on a property-by-property basis having regard to historical property expenditure, future capital expenditure requirements and reports prepared by various external consultants; and
- Development capital expenditure includes planning costs, consultant fees, incentives and construction costs for Camden Stage 1, Proxima Southport, St Marys, and Springfield properties under development. The development capital expenditure is assumed to be funded from drawdowns on the Debt Facility.

Distributions

- Forecast distributions equivalent to an annualised 4.5% yield on the Offer Price are forecast for the periods from the Completion Date to 30 June 2022, and the 6 months to 30 June 2022. This reflects a FFO payout ratio greater than 100% in those periods however, HealthCo REIT expects to target a normalised distribution payout ratio in the range of 90% and 100% of FFO once its portfolio is fully stabilised and Gearing is within the 30% to 40% target range; and
- Distributions are to be made quarterly with the first distribution expected to be paid in February 2022. It is expected to be a pro rata amount based on the period between the Completion Date and 31 December 2021. The Directors will review and assess the appropriateness of the REIT's distribution policy on a half yearly basis.

6. Financial Information (continued)

6.6. Sensitivity analysis

The Forecast Financial Information and Pro Forma Forecast Financial Information is based on a number of assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Directors and the Managers. These estimates and assumptions are subject to change. The Forecast Financial Information and Pro Forma Forecast Financial Information is also subject to a number of risks as outlined in Section 7.

Investors should be aware that future events cannot be predicted with certainty and, as a result, deviations from the figures forecast in this PDS are to be expected.

To assist investors in assessing the impact of these assumptions on Pro Forma Forecast Financial Information, Table 7 sets out the sensitivity of the REIT's Pro Forma Forecast FFO to changes in certain key assumptions.

The sensitivity analysis is intended to provide a guide only and variation in actual performance could exceed the ranges shown.

Table 7: Sensitivity analysis

A$ 000s		Pro forma forecast – 6 months to 30 June 2022
FFO		**8,864**
Incremental impact from change in assumptions:		
25 Basis Points change in average annual interest rate[1]	+/-	214
1% change in property rental income received	+/-	153
5% change in other corporate expenses	+/-	50

Notes:

1. Assumes a 25 Basis Point (increase)/decrease to fixed and variable interest rates in the 6 months to 30 June 2022.

The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on Pro Forma Forecast FFO. In practice, changes in variables may offset each other or may be cumulative.

6.7. Summary of significant accounting policies

The preparation of the Financial Information requires estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies below apply estimates, judgements and assumptions which could materially affect the financial results or financial position reported in future periods.

Consolidation

Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the REIT. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the REIT.

Intercompany transactions, balances and unrealised gains on transactions between REIT entities are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the REIT. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and consolidated statement of financial position respectively.

Revenue recognition

i) Property rental income

Rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

ii) Other property income

The REIT recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

iii) Rental guarantees

The rental guarantee relating to Morayfield Health Hub is capitalised on HealthCo REIT's pro forma consolidated statement of financial position. It is measured at fair value, equal to the net present value of expected future cash flows under the guarantee arrangements. The guarantee payments relating to the property are recorded in FFO as an adjustment to forecast net profit over the period of the guarantee.

iv) Income guarantees

The income guarantees relating to Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween are recognised in the Forecast Financial Information and Pro Forma Forecast Financial Information in other income.

v) Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Leasing costs and tenant incentives

i) Leasing costs

Leasing costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, fees and costs of preparing and processing documentation for new leases). These costs are capitalised and amortised on a 'straight line' basis over the term of the lease.

ii) Tenant incentives

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into a lease.

These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or an increase in property outgoings. The carrying amount of the tenant incentives is reflected in the fair value of investment properties.

Management fees and other expenses

All expenses are recognised on an accrual basis. Management fees are recognised as the services are rendered. The services relate to property and investment management roles provided by the Managers. Management fees are charged in accordance with the management fee arrangements agreed with the REIT.

Investment properties

Investment properties comprise of freehold properties held at fair value through the profit or loss. Freehold properties are held for long term rental yields and capital appreciation. Investment Properties are initially recognised at cost, including transaction costs, and are subsequently remeasured semi-annually at fair value. Investment properties recognised on the Pro Forma Statement of Financial Position at the Completion Date are a mix of at cost and fair value properties. Movements in fair value are recognised in the statement of profit and loss. Gains and losses resulting from the sale of freehold property is measured as the difference between the latest carrying value of the asset at the date of disposal and is recognised when control over the property has been transferred.

6. Financial Information (continued)

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Trade and other payables

These amounts represent liabilities for goods and services provided to the REIT prior to the end of Financial Year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. After the initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit over the year of the borrowings using the effective interest method.

Derivative financial instruments

Derivative financial instruments such as interest rate swaps are designated as financial instruments at fair value through the statement of profit and loss. The REIT does not designate any financial instruments as hedges in a hedging relationship; and Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Income tax

The REIT is intended to be treated as a “flow-through” entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the REIT will be taxable in the hands of the Unitholders on an attribution basis.

6.8. Working Capital

The Board is of the opinion that the REIT will have sufficient working capital at the time of its admission to carry out its stated business objectives. The REIT is expected to have $103 million in cash at bank and $400 million in undrawn debt capacity under the Debt Facility at Completion of the Offer. Therefore, HealthCo REIT is expected to have combined cash and undrawn debt reserves of $503 million as at Completion of the Offer.

Of the $103 million in cash at bank on Completion of the Offer, $59 million is to be used to settle on the Contracted Acquisitions, Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween. These Contracted Acquisitions are not included on the Pro Forma Statement of Financial Position at the Completion Date because they are not forecast to settle by that date. Post the settlement of the Contracted Acquisitions, HealthCo REIT is expected to have $44 million in cash at bank.

Refer to Section 13.13 for details on the Debt Facility.

Section 7.
Investment risks

Image: GenesisCare Nambour

7. Investment risks

HealthCo REIT is subject to various risk factors. Some of these are specific to its business activities, while others are of a general nature. Individually, or in combination, these risk factors could have a material adverse impact on HealthCo REIT's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of the Units.

The principal risk factors are described below.

The risks set out in this Section 7 are not an exhaustive list of the risks associated with HealthCo REIT or the industry in which it operates, or an investment in the Units either now or in the future, and this information should be used as guidance only and read in conjunction with all other information presented in this PDS.

There can be no guarantee that HealthCo REIT will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.

Before deciding whether to invest in HealthCo REIT, you should read the entire PDS and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in HealthCo REIT is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

7.1. Risks specific to an investment in the REIT

7.1.1. COVID-19 impact

The COVID-19 pandemic has had, and continues to have, a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, have restricted travel and the ability of individuals to leave their homes, travel to places of work and has disrupted the ordinary patterns of consumption of goods and services. As at the date of this PDS, significant restrictions are in place across Australia.

Despite the government's current efforts to bolster its continued roll-out of COVID-19 vaccinations in Australia, some Properties within the Portfolio may be affected as a result of the current lockdowns in NSW and Victoria, and there is a prospect that further, or more restrictive, forced closures may occur, including in Queensland and Western Australia. This could limit all or a material amount of trading at Properties within the Portfolio. Further, a number of HealthCo REIT's tenants may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19. In particular, some tenants at Properties within the Portfolio have experienced, and may be currently experiencing, an adverse impact on their business operations, demand and supply chains.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of HealthCo REIT and may be exacerbated in an economic recession or downturn. These include but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the income and expenses of HealthCo REIT.

7.1.2. The REIT's rental income may decline

HealthCo REIT's primary source of income is generated through its leasing arrangements with the tenants of the Properties within the Portfolio.

Following Completion, distributions made from the REIT will be largely dependent on the rents received from tenants across the Portfolio, expenses incurred during operations and capital expenditure incurred. The REIT's rental income and expenditure may be affected by a number of factors, including, amongst others:

- overall economic conditions;
- local real estate conditions;
- the financial condition of tenants;
- ability to attract new tenants;
- ability to extend leases or replace outgoing tenants with new tenants;

- increase in rental arrears and vacancy periods;
- reliance on a key tenant that leases a material proportion of the Portfolio;
- competition from new or existing properties;
- changes in government policies relating to the subsidies received by healthcare and wellness tenants;
- an increase in unrecoverable outgoings;
- supply and demand in the property market; and
- external factors including pandemics, terrorist attacks, significant security breaches or a major world event.

The REIT expects to receive rental income from its Portfolio, as described in Section 6. However, there is a risk that rental income might be materially different to the income described in the Financial Information set out in Section 6. Additionally, the forecasts included in this PDS make a number of assumptions in relation to the occupancy rate, the level of rental income and outgoings recoveries, including that all existing leases are performed in accordance with their terms. Rental income may decline for a number of reasons, including as a result of:

- failure of existing tenants to perform existing leases in accordance with their terms;
- failure on the part of the REIT to enforce contracted rent increases or agree market rent reviews; or
- termination of a lease by a tenant due to convenience or failure on the part of the REIT to meet lease terms (including performance hurdles).

This has the potential to decrease the value of the REIT and would also have an adverse impact on the REIT's financial performance and distributions.

7.1.3. The value of the Portfolio or individual Properties may fall

The value of the Portfolio, or individual Properties within the Portfolio, may be impacted by a number of factors affecting the Australian property market generally, as well as HealthCo REIT in particular, including:

- changes in property income;
- changes in discount rates used by valuers;
- fluctuating occupancy levels;
- tenant defaults;
- material change in quality of tenant;
- increases in supply or falls in demand for property;
- a downturn in local property markets or property markets in general; and
- general economic conditions, including prevailing interest rates.

The Responsible Entity intends to have the Properties independently revalued regularly in accordance with its valuation policy. Reported valuations will represent only the analysis and opinion of the valuation experts at a certain date, and are not guarantees of present or future property values.

The valuations contained in the Valuation Reports reflect the relevant valuer's assessment of the value of the relevant Property as at 31 August 2021. Property values may fall if the underlying assumptions on which the valuation reports are based change in the future. Valuations may differ depending on the valuer appointed. A valuation may not reflect the actual price that would be realised if a Property is sold. As property valuation adjustments are reflected in HealthCo REIT's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HealthCo REIT's financial position and performance, and on distributions.

7. Investment risks (continued)

7.1.4. The REIT may not be able to meet its forecasts

This PDS contains Financial Information for the period from the Completion Date to 30 June 2022 and the six month period to 30 June 2022. The forward-looking statements, opinions and estimates provided in this PDS, including the Financial Information, rely on various factors, many of which are outside the control of HealthCo REIT. There can be no guarantee that the assumptions on which the forward-looking statements, opinions and estimates are based, will ultimately prove to be valid or accurate, including rents, property costs and corporate expenses incurred by HealthCo REIT.

HealthCo REIT can give no assurance that HealthCo REIT's actual results will not differ materially from those presented in the Financial Information. Any material adverse difference may adversely affect the value of the Units.

7.1.5. Relationship with HomeCo

Although HealthCo REIT believes that its close association with HomeCo will bring many benefits, there are also certain risks that are inherent in the relationship.

HomeCo is expected to retain a substantial interest in HealthCo REIT. As such, HomeCo and its associates are likely to have the ability to determine (or have significant influence over) any resolution put to Unitholders, including a resolution to remove the Responsible Entity.

In performing its roles of responsible entity of HealthCo REIT, manager of the REIT and the Properties, property developer, and provider of corporate and other services, the interests of HomeCo and HealthCo REIT may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in this PDS, these agreements were negotiated between affiliated entities.

After Completion, to the extent not constrained by those agreements, it should be assumed that HomeCo will pursue its own interests. Because of its dependence on HomeCo and the limited termination rights in the agreements between the REIT and HomeCo, it may be difficult for HealthCo REIT to negotiate amendments to those agreements, and it would be difficult for HealthCo REIT to remove HomeCo from any of the roles it will perform with respect to the Properties and the operation of HealthCo REIT.

In addition, HomeCo has the power to appoint and remove directors to the board of the Responsible Entity, and Unitholders will not have such power. The only way for Unitholders to change the Board and management of HealthCo REIT would be to vote to remove the Responsible Entity (noting that HomeCo will retain a substantial interest in HealthCo REIT and could vote on such a resolution). Such an action would have the consequences under the agreements between HealthCo REIT and HomeCo.

7.1.6. Relationship with the Unlisted Fund

In addition to HealthCo REIT, HomeCo is targeting the establishment of the Unlisted Fund, which will target investment in the same subsectors as the REIT. There is a risk that the Unlisted Fund may not be established by HomeCo, which could result in a different pool of investment opportunities being available to HealthCo REIT than if the Unlisted Fund is established.

In the event that the Unlisted Fund is established by the REIT, there is a risk that a conflict of interest may arise between HomeCo's arrangements with the Unlisted Fund and those with HealthCo REIT. HealthCo REIT may compete with the Unlisted Fund for assets, capital and HomeCo's resources. If the Unlisted Fund is not established by the end of December 2021 (subject to any extension to this date under the Co-Investment Framework Agreement described in Section 13.6), HomeCo will retain its stake in the co-invested assets (Camden and Proxima Southport) and will provide HealthCo REIT with a right of first refusal against these assets.

A number of assets will be owned jointly by HealthCo REIT and Unlisted Fund, with HomeCo providing management services to both. The stakeholders of each group may have different objectives and incentives, and there is a risk that this may have an adverse impact on the ability of HealthCo REIT to execute on its strategy.

HomeCo has put in place arrangements to mitigate any perceived or actual conflicts of interest, including separate responsible entity boards for each vehicle, which are further described in Section 5. Information on arrangements with the Unlisted Fund is contained in Sections 2.4 and 13.6.

7.1.7. The REIT may be unable to lease or re-lease Properties, or they may be vacant

As at the date of this PDS, approximately 96%[156] of the Properties are occupied. Upon acquiring the Portfolio, there is a risk that HealthCo REIT is not able to enter into a lease with the proposed tenant in respect of the vacancies in the Properties. Should HealthCo REIT be unable to secure a tenant, this will result in lower rental returns to HealthCo REIT, which could materially adversely affect HealthCo REIT's financial performance and distributions.

Leases of Properties come up for renewal on a periodic basis. There is a risk that HealthCo REIT may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or at all. The ability to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and the supply of properties in the market which in turn, may increase the time required to let vacant space. Should HealthCo REIT be unable to secure a replacement tenant for a period of time or if replacement tenants lease the Property on less favourable terms than existing lease terms, this will result in lower rental returns to HealthCo REIT, which could materially adversely affect HealthCo REIT's financial performance and distributions.

HealthCo REIT could lose tenants due to a range of events including as a result of failure to renew a lease, the termination of a lease due to change of control, deterioration in the level of service provided to tenants, weakening of tenant relationships or disputes with tenants, consolidation of a tenant's sites or insolvency of tenants. Any of these factors could adversely affect the financial performance of HealthCo REIT and distributions.

7.1.8. Tenant concentration

Whilst the REIT has a diverse tenant mix, approximately 83% of the gross property income from the Portfolio is generated from the top 20 tenants. There is therefore a risk that if one or more of the major tenants ceases to be a tenant, HealthCo REIT may not be able to find suitable replacements or may not be able to secure lease terms that are as favourable as current terms. HealthCo REIT's financial performance could be adversely impacted if HealthCo REIT is unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms.

7.1.9. The REIT may be exposed to government policy risk and change in law

The healthcare sector is subject to a number of regulatory influences. Changes to State and Federal government policies on the regulation of primary care, childcare, aged care and hospitals may have a direct impact on the provision of these services and therefore the Properties owned by HealthCo REIT. A reduction in the Commonwealth government's financial assistance to these sectors would reduce the affordability of services and hence the financial ability of the lessee. Government support may be redirected towards other sectors, for example increased funding for home care which could reduce demand for aged care facilities. This could ultimately adversely affect the financial performance of HealthCo REIT and distributions.

In addition, there is a risk that other participants in the industry could, through their actions and business practices, cause future regulatory changes that have an adverse impact on HealthCo REIT's financial performance. Any new regulatory restrictions or changes in government attitudes or policies in relation to any or all of the existing regulatory areas could adversely affect the financial performance of HealthCo REIT and distributions.

Furthermore, HealthCo REIT is subject to a range of laws and regulations in the ordinary course of its business. These laws and regulations include those relating to tenancies, planning and zoning, employment, property and taxation (including GST and stamp duty). Changes to laws and regulations in these areas may adversely affect HealthCo REIT, the value of the Portfolio, including by increasing its costs either directly (for example, by increasing a tax or duty HealthCo REIT is required to pay) or indirectly (for example, by increasing the cost of complying with a particular legal requirement or increasing competition for tenants from other landlords). Any such change may adversely affect HealthCo REIT's financial performance and distributions.

7.1.10. Facilities may lose their approvals or accreditation

Primary care, childcare and aged care facilities, and hospitals, are required to be approved and accredited in various ways. These approvals are generally subject to regular review and may be revoked in certain circumstances. If any existing approvals are adversely amended or revoked, this could adversely affect the financial performance of HealthCo REIT and distributions.

7.1.11. Operators may impact investor perceptions of the industry

The Portfolio contains Properties operated by primary care, childcare and aged care providers, and hospitals. There is a risk that an event occurring in a centre or a number of centres (such as the outbreak of sickness or a labour relations problem) may negatively affect investor perceptions of the industry and the business of the REIT and its tenants.

156. By GLA. Includes signed leases, MoUs and rental guarantees across operating assets. Excludes development assets as detailed in Section 3.

7. Investment risks (continued)

7.1.12. Private health insurance fund membership may decrease, and members may downgrade their level of coverage

A number of factors including, but not limited to, a worsening economic climate, changes in economic incentives, annual increases to private health insurance premiums and other factors may cause the number of members in private health insurance funds to fall or result in members choosing to decrease the level of their private health insurance coverage. This could reduce demand for certain services provided by hospital, primary care and specialist healthcare and wellness operators which could adversely affect the financial performance of HealthCo REIT and its tenants.

7.1.13. Responsible entity and management

By investing in HealthCo REIT, Unitholders have delegated investment decisions to the Responsible Entity and its officers. The Responsible Entity has delegated the day-to-day management of HealthCo REIT and the Portfolio to the Managers, and is also assisted by other external service providers.

Accordingly, HealthCo REIT is reliant on the management expertise, support, experience and strategies of the key executives of HomeCo and other third parties, which cannot be assured. If the Managers and other third parties do not perform as service providers this could have an adverse impact on the management and performance of HealthCo REIT and therefore distributions and the Unit price. The past performance of HomeCo is not a guarantee of the future performance of HealthCo REIT.

The ability of the Managers to discharge their responsibilities in terms of managing the Portfolio business model depends to a significant extent, on the experience, knowledge and performance of its key personnel particularly the senior management of HomeCo as disclosed in Section 5. The loss of key personnel, a sustained underperformance by key personnel or any delay in the appointment of their suitable replacements may therefore materially adversely affect the financial performance of HealthCo REIT and distributions.

In addition, if HCW Funds Management Limited is replaced as responsible entity of HealthCo REIT by an entity that is not a related body corporate of the HomeCo Group, there is potential for adverse effects to be experienced by HealthCo REIT due to the loss of the services of the Managers (as the Investment Management Agreement and Property Management Agreement will provide the incoming responsible entity and/or the Managers a right to terminate in these circumstances). If the agreements are terminated as a result of the change in responsible entity, the Managers will be entitled to a compensation payment equal to 24 months of management fees determined as at the date of expiry or termination of the relevant agreement.

7.1.14. The REIT's dependence on corporate services from HomeCo

HealthCo REIT will receive corporate services in some areas from HomeCo. The REIT will be reliant on HomeCo for the provision of those corporate services on satisfactory terms and will be reliant on HomeCo for the standard of services it receives. As a result, it will have limited control over the standard of those services and may need to negotiate with HomeCo regarding their cost. If there is any disruption to the provision of these services, there may be a negative impact on the ability of HealthCo REIT to advance its business plans.

7.1.15. Pre-emptive right in favour of Unlisted Fund

HealthCo REIT and the Unlisted Fund have entered into a Co-Investment Framework Agreement on the terms set out in Section 13.6. Under this agreement, a pre-emptive right has been granted in favour of the Unlisted Fund to acquire the HealthCo REIT's interests in the Joint Assets if the Responsible Entity is removed as responsible entity of the REIT. As set out in Section 14.7, the Responsible Entity has applied for a waiver from the Listing Rules to allow the exercise of such a pre-emptive right by the Unlisted Fund without approval from the Unitholders. The exercise of such a pre-emptive right by the Unlisted Fund may significantly reduce the diversity and scale of investment opportunities that will be accessible to the HealthCo REIT, which may have an adverse impact on the growth prospects and the financial performance of the REIT. That right may also act as a disincentive for third parties seeking to acquire control of the REIT.

7.1.16. Related parties and major tenants

Aurrum Kids and Aurrum Aged Care are tenants of HealthCo REIT and are controlled by David Di Pilla, director of the Responsible Entity and HomeCo. The leases entered (or agreed to be entered) into with Aurrum Kids and Aurrum Aged Care were each entered into on arm's length terms and the REIT has put in place the related party protocols summarised in Section 5.9.5.7 in order to address any related party issues connected with future leases. Pursuant to waivers to be granted by ASX, no Unitholder approval will be required in relation to the entry or extension of a lease with Aurrum Kids or Aurrum Aged Care, provided certain conditions are satisfied.

7.1.17. Transactions that are signed but not completed

The Contracted Acquisitions have not yet completed and remain subject to conditions precedent, which are not satisfied as at the date of this PDS. Whilst HealthCo REIT is confident that the conditions precedent will be satisfied, there is a risk that a condition precedent to a Contracted Acquisition is not satisfied. Each of the Contracted Acquisitions is expected to complete after the Completion Date.

If a condition precedent described above is not satisfied, the relevant Contracted Acquisition may not proceed and the Portfolio will differ from that set out in this PDS. This may have an adverse impact on HealthCo REIT's financial performance and distributions.

Refer to Sections 13.7 and 13.8 for details of the Contracted Acquisitions, including the conditions precedent to completion of those Contracted Acquisitions.

The four Properties the subject of the Contracted Acquisitions, are being purchased by the REIT for a total of $59 million. The Portfolio, should the Contracted Acquisitions not complete, will be as follows:

Number of Properties	23
Fair value	$495 million
WACR	5.44%
Occupancy	96%
WALE	9.4 years
Weighted average rent review (WARR)	3.0%
Cash collection	99%
National tenants	72%

7.1.18. There may be risks associated with acquisitions

HealthCo REIT will continue to seek to identify new property assets for acquisition, including those identified by the Investment Manager. There is a risk that HealthCo REIT or the Investment Manager will be unable to identify future properties that meet its investment objectives, or if such properties are identified, that they can be acquired on appropriate terms. Any failure to identify appropriate properties or successfully acquire such properties could adversely affect the growth prospects and the financial performance of HealthCo REIT.

HealthCo REIT has endeavoured, and will endeavour, to do all reasonable and necessary due diligence on acquisition properties. However, there is a risk that potential issues are uncovered subsequent to due diligence and that these risks cannot be fully mitigated by the warranties and indemnities in the sale agreements, or related insurance arrangements, for those acquisitions. If an unforeseen liability arises in respect of which the purchaser is not able to be indemnified, this may adversely impact the financial performance of HealthCo REIT and distributions. Also, there can be no guarantee as to the financial capacity of vendors of properties. In these circumstances, if a warranty or other claim was made under an acquisition agreement, there is a risk that funds may not be available to meet that claim. Any inability to recover amounts claimed from vendors could materially adversely affect HealthCo REIT's financial performance.

There is also a risk that acquired properties do not perform as expected due to a variety of factors including but not limited to tenants vacating the properties or tenant default.

7.1.19. Capital expenditure requirements may be higher than expected

The forecast capital expenditure described in Section 6 represents HealthCo REIT's current best estimate of the associated costs in maintaining and developing the Portfolio over the forecast period. There is a risk that the required capital expenditure will exceed the current forecasts, which could lead to increased funding costs and adversely impact distributions.

Some examples of circumstances that may require capital expenditure in excess of the forecast amount include changes to development plans, property damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues that become apparent in the future and need to be repaired or addressed. Any required or unforeseen material capital expenditure on the Properties that is not covered by insurance could impact the REIT's financial performance and distributions.

7. Investment risks (continued)

7.1.20. Development activities may involve higher risks

The risks faced by HealthCo REIT in relation to existing or future development projects will depend on the terms of the transaction at the time. HealthCo REIT seeks to mitigate the risks associated with development projects by employing the following risk mitigation strategies:

- ensuring that it has lease commitments (in the form of agreements for lease) in respect of at least 50% of the GLA before commencing development; and
- backing contractor obligations with unconditional bank guarantees.

Development activities require various approvals from the relevant State planning authorities. There is a risk that the relevant approvals may not be obtained on the basis of HealthCo REIT's application, include conditions that are unsatisfactory or may not be granted at all. Changes in government regulations and policies, failure to obtain or delays in the granting of planning approvals may affect the amount and timing of HealthCo REIT's future profits.

There is a risk that a contractor engaged on any given project is unable to complete the specified works on time or could default on other obligations under its contract. Completion of construction works may be delayed for a number of reasons, including industrial disputes, inclement weather, permitted variations to the works, changes to legislative requirements, delays in authority inspections or regulatory approvals or a builder experiencing financial difficulties. Even where a development is under a fixed price contract, there is a risk of potential contractor default where actual development costs are materially greater than expected. In those circumstances, the actual development costs may not be able to be funded by the contractor and the development may not complete unless HealthCo REIT agrees to bear the excess costs or is able to replace the contractor. However, HealthCo REIT may not be able to replace the contractor with another with similar experience and/or on terms as advantageous to it. In addition, HealthCo REIT may suffer loss of rent in respect of a delay in completion. Any of these factors could materially adversely affect the financial performance of HealthCo REIT and distributions.

Development works are underway Camden, Proxima Southport, Springfield and St Marys. Following completion of these development works, HealthCo REIT may be exposed to residual defects. The risk of residual defects has been mitigated through the inclusion of certain contractual protections in relevant construction contracts including the provision of warranties regarding the quality, standards, performance and insurance of the contracted works, and obligations on third parties to rectify defects which are backed by unconditional bank guarantees. Notwithstanding this, the REIT remains exposed to potential losses which (i) may not be covered by the provisions of the contract or may exceed the amounts set aside in the bank guarantees (or arise after the bank guarantee is released), or (ii) may be incurred in the event of a counterparty default if a claim were made. This could materially adversely affect the financial performance of HealthCo REIT and distributions.

HealthCo REIT may be exposed to delay claims from tenants (in the form of rent abatements) if there is a delay in construction works and handover.

7.1.21. Properties are illiquid

Property assets are by their nature illiquid investments. If it were necessary or desirable for HealthCo REIT to sell one or more of the Properties, it may not be able to do so within a short period of time or it may not be able to realise a property for the amount at which HealthCo REIT has valued it. Any protracted sale process, inability to sell a Property or sale at a price that is less than HealthCo REIT's valuation of the Property may adversely affect HealthCo REIT's financial performance and distributions.

7.1.22. There may be environmental compliance costs and liabilities

Notwithstanding the environmental and legal due diligence conducted in relation to the Portfolio, unforeseen environmental issues may affect any of the Properties.

Whilst HealthCo REIT is not aware of any material environmental contamination at any of its Properties, there is a risk that a Property (or a property close to a property) may be contaminated now or in the future. Government environmental authorities may require HealthCo REIT to remediate such contamination and HealthCo REIT may be required to undertake any such remediation at its own cost. HealthCo REIT may be liable to remedy sites affected by environmental issues even in circumstances where HealthCo REIT is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if HealthCo REIT is not able to remediate the site properly, this may adversely affect its ability to sell the relevant Property or to use it as collateral for future borrowings. Any such event could adversely impact HealthCo REIT's financial performance and distributions.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material. Whilst the nature of HealthCo REIT's operations are such that the risk should be minimal, should a person be exposed to a hazardous substance at a property within the Portfolio, they may make a personal injury claim against HealthCo REIT. Such a claim could be material.

An environmental issue may also result in interruptions to the operations of a Property. Any lost income caused by such an interruption to operations may not be recoverable.

HealthCo REIT and the operations of Property tenants are subject to government environmental legislation. New or more stringent environmental laws or regulations could be introduced in the future, for example in relation to climate change, which may require HealthCo REIT to incur additional material expenditure to ensure that the required compliance is maintained. While environmental issues are continually monitored, there is no assurance that HealthCo REIT's operations or those of a tenant of a Property will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation and financial performance of HealthCo REIT and distributions.

7.1.23. Failure of risk management and internal control strategies

HealthCo REIT will implement risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including risks related to liquidity, interest rates, counterparties, compliance, market conduct, bribery and corruption, anti-money laundering and counter terrorism funding compliance, insurance and operational, all of which are important to HealthCo REIT's reputation and business operations.

However, there are inherent limitations with any risk management and internal control framework as there may exist, or emerge in the future, risks that HealthCo REIT has not adequately anticipated or identified. If any of HealthCo REIT's risk management and internal control processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, the financial performance of HealthCo REIT and distributions could be adversely impacted.

7.1.24. The REIT may suffer loss for which it is not insured

HealthCo REIT intends to maintain appropriate insurance coverage in respect of the Portfolio if insurance coverage is available on commercial terms and at acceptable prices. Insurance cover may not be available for certain types of losses (for example, losses caused by war, riots and civil commotion) or even if it is available it may be too expensive. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by HealthCo REIT, and could adversely affect the financial performance of HealthCo REIT and distributions.

Increases in insurance premiums as a result of insurance claims or otherwise may also adversely affect HealthCo REIT's financial performance and distributions.

7.1.25. Intellectual Property

The use of branding and logos similar to "HomeCo" or "HealthCo" is an important aspect of HealthCo REIT's marketing strategy as it differentiates its centres from those of its competitors and attracts visitors to its centres.

If a third party accuses HealthCo REIT of infringing its intellectual property rights or if a third party commences litigation against the REIT for the infringement of trademark or other intellectual property rights, HealthCo REIT may incur significant costs in defending such action, whether or not it ultimately prevails. In addition, parties making claims against HealthCo REIT may be able to obtain injunctive or other equitable relief that could limit or prevent HealthCo REIT from commercialising the Portfolio.

In the event of a successful claim of infringement against HealthCo REIT, it may be required to pay damages. Defence of any litigation could impact HealthCo REIT's ability to conduct is business and could cause it to incur substantial expenditure.

7. Investment risks (continued)

7.1.26. The REIT may be unable to refinance, repay or renew its debt

HealthCo REIT uses bank debt to partially fund its business operations. The debt facility the REIT will have in place on Completion (being the Debt Facility described in Section 13.13) will expire in 3 years after the date of the syndicated facility agreement which documents the Debt Facility.

If HealthCo REIT's financial performance deteriorates, including due to a decline in rental income or the value of the Portfolio, HealthCo REIT may be unable to meet the covenants under the Debt Facility. This may require HealthCo REIT to seek amendments, waivers of covenant compliance or alternative borrowing arrangements, to reduce debt or raise additional equity.

If a breach of covenant under the Debt Facility were to occur, there is no assurance that a debt financier would consent to an amendment or waiver, or that debt financiers would not exercise enforcement rights, including cancelling the Debt Facility, requiring immediate repayment or enforcing their security. If a debt financier enforces its security over the relevant assets of a subsidiary of HealthCo REIT which has provided security to support HealthCo REIT's debt financing and forces a sale of the secured property, there is a risk that the value received may be less than the amount of the secured obligations and may be less than the optimal sale price. If HealthCo REIT is unable to repay or refinance the Debt Facility upon maturity or in the event of a breach of covenant, HealthCo REIT may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could materially adversely affect HealthCo REIT's ability to operate its business, acquire new properties and fund capital expenditure and could materially adversely affect the financial performance of HealthCo REIT and distributions, and HealthCo REIT may suffer reputational damage which could result in lenders being unwilling to extend additional finance or potentially raise future borrowing costs.

In the future, HealthCo REIT may also need to access additional debt financing to grow its operations and its Portfolio. If HealthCo REIT is unable to refinance, repay or renew its debt facility or otherwise obtain debt finance on favourable terms, HealthCo REIT may not meet its growth targets, which may adversely impact HealthCo REIT's financial performance and distributions.

HealthCo REIT's ability to extend the Debt Facility or to borrow money for refinancing, capital expenditure or acquisitions will depend on a range of factors including general economic conditions, debt and equity market conditions, as well as HealthCo REIT's financial position, financial performance and reputation. Changes in the above factors may impact the cost or availability of funding, and accordingly HealthCo REIT's financial performance, financial position and distributions. There can be no assurances that future financing will be available on terms acceptable to HealthCo REIT, or at all.

To the extent that HealthCo REIT incurs variable rate indebtedness that is unhedged, increases in interest rates may increase the cost of borrowing and this may adversely affect HealthCo REIT's ability to make timely payments in respect of the Debt Facility. In order to reduce exposure to the impact of moving interest rates, the REIT intends to enter into interest rate swaps at or around Completion.

However, where interest bearing indebtedness is hedged, hedging arrangements themselves involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates.

7.1.27. No guarantee of distributions or capital returns

HealthCo REIT does not give a guarantee as to the amount of any income or capital return from the Units or the performance of HealthCo REIT as its ability to pay distributions is subject to many variables.

Even if HealthCo REIT is able to pay a distribution, its ability to maintain and/or increase distributions over time cannot be guaranteed as its ability to do so is dependent on a number of factors including rental income, acquisitions and completion of developments on time or to budget. If any of these factors are not met, HealthCo REIT's ability to maintain or increase distributions may be adversely impacted.

7.1.28. Treatment of the REIT as a "flow-through" entity

The information in this PDS assumes that the REIT will be treated as a "flow-through" entity for Australian income tax purposes under the Attribution Managed Investment Trust rules such that the net income of the REIT will be taxable in the hands of the Unitholders on an attribution basis. However, the REIT would lose this "flow-through" status if:

- there was a legislative change which removed the "flow-through" status of property trusts; or
- the REIT engaged in activities which lead to it being taxed on its net income at the corporate tax rate for Australian income tax purposes.

Depending on the Unitholder's individual circumstances, a loss of the "flow-through" treatment of the REIT may adversely affect the after-tax investment returns.

7.1.29. Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a Property may be attributable to HealthCo REIT as the landlord instead of, or as well as, the tenant. Such liability may include fines and penalties imposed by regulatory authorities as well as claims for compensation from injured parties, and may not be fully covered by insurance policies. Any such liabilities may be incurred by HealthCo REIT (which are not covered by insurance policies) and could materially adversely affect the financial performance of HealthCo REIT and distributions.

7.1.30. The REIT may be subject to complaints or litigation

HealthCo REIT may be the subject of complaints from or litigation by Unitholders, tenants, landlords, governmental agencies or other third parties. For example, tenants may claim that rent is not due and payable, governmental agencies may claim that HealthCo REIT has not paid rates or other taxes or is not compliant with applicable planning or zoning laws and third parties may claim for breach of contract or object to the use of the Portfolio by HealthCo REIT.

Any complaints, disputes, claims or litigation in which HealthCo REIT is involved may result in a financial penalty, the inability of HealthCo REIT to conduct its business or implement its strategy and/or damage to HealthCo REIT's reputation and may divert financial and managerial resources away from running HealthCo REIT's business. Any of these potential outcomes may adversely affect HealthCo REIT's financial performance and distributions.

In addition, healthcare providers are exposed to the risk of medical indemnity claims, litigation and coronial inquests. Subject to the medical indemnity insurance arrangements that its tenants have in place at the relevant time, any future medical malpractice litigation, or threatened litigation, against HealthCo REIT's tenants could have an adverse impact on their ability to pay rent, and therefore, on the financial performance and distributions of HealthCo REIT.

7.1.31. Insolvency of the REIT

In the event of any insolvency or winding up of HealthCo REIT, the claims of HealthCo REIT's creditors will rank ahead of those of its Unitholders. Under such circumstances HealthCo REIT will first repay or discharge all claims of its creditors.

Any surplus assets will then be distributed to Unitholders. All Unitholders will rank equally in their claim and will be entitled to an equal share per Unit.

7.1.32. Security or data breach including from cyberattacks

HealthCo REIT will collect, process and store, through the ordinary course of its operations, a wide range of data, including confidential data relating to its tenants. Measures that HealthCo REIT employs to secure and protect technology systems and data may not be sufficient to prevent system failures or data breaches arising from factors beyond its control and/or to detect or prevent unauthorised access to, or disclosure of, confidential information and data. There is a risk that HealthCo REIT's systems, or those of its third-party service providers, fail, or are subject to disruption as a result of external threats or system errors. Cyber-attacks, data theft, data loss, human error or malfeasance may also result in data breaches resulting from unauthorised access to, or disclosure of information, including sensitive and/or confidential information, whether malicious or inadvertent. Despite seeking to maximise the protection of data, there is a risk that HealthCo REIT is exposed to a security breach or successful cyberattack.

Any systemic failure and/or data security breaches could result in significant disruption to HealthCo REIT's services, loss of system integrity, breaches of HealthCo REIT's obligations under applicable data protection laws or contractual agreements, an obligation under privacy laws to notify individuals and the Australian Information Commissioner of the breach, reputational damage, and could reduce its ability to retain existing tenants and generate new tenants, each of which could have a material adverse effect on HealthCo REIT's financial performance and distributions.

Further, there is a risk that HealthCo REIT may be unable to provide critical business processes due to a potential distributed denial-of-service attack, resulting in disruption of services, loss of customers and financial and reputational damage.

7. Investment risks (continued)

7.2. General risks

7.2.1. Unit price may fluctuate

On Completion, HealthCo REIT will become subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in its Unit price that are not explained by the fundamental operations and activities of HealthCo REIT. There is no guarantee that the price of the Units will increase following quotation on ASX, even if HealthCo REIT's earnings increase.

The Units may trade at, above or below the Offer Price due to a number of factors, including:

- general market conditions;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from particular market indices (including S&P/ASX indices); and
- the nature of the markets in which HealthCo REIT operates.

Other factors that may negatively affect investor sentiment and influence HealthCo REIT specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

7.2.2. Trading in the Units may not be liquid

There can be no guarantee that an active market for the Units will develop following Completion of the Offer. There may be relatively few potential buyers or sellers of the Units on the ASX at any given time. This may increase the volatility of the market price of the Units. It may also affect the prevailing market price at which Unitholders are able to sell their Units. This could result in Unitholders receiving a market price for their Units that are less than the price that they paid.

As noted at Section 2, on Completion, HCDL will have an investment of 20% of Units on issue, which will be subject to a 12 month voluntary escrow arrangement. The fact that HomeCo cannot trade Units for one year may reduce the liquidity of trading in Units and this could also reduce the prevailing market price at which Unitholders are able to sell their Units.

7.2.3. Unitholders may suffer dilution

HealthCo REIT may issue more Units in the future in order to fund acquisitions or investments or to reduce its debt. While HealthCo REIT will be subject to the constraints of the Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), any such equity raisings may dilute the interests of Unitholders.

7.2.4. Taxation changes may occur

The taxation treatment for Unitholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law is expected to be interpreted in Australia may adversely impact HealthCo REIT's returns or the distributions paid to Unitholders.

An investment in the Units involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in HealthCo REIT.

7.2.5. Expected future events may not occur

Certain statements in this PDS constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of HealthCo REIT to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should a forward-looking statement be regarded as a representation or warranty by HealthCo REIT or any other person referred to in this PDS that a particular outcome or future event is guaranteed.

7.2.6. Impact of climate change

Climate change presents a potentially material risk to HealthCo REIT. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of the Properties (and associated communities) through physical damage, operating costs, ability to trade, consumer visitation and healthcare and wellness sales. These weather events may be sudden and acute or more gradual in nature. For example, a Property may be damaged by storms or flooding which requires extensive repairs and may impact the provision of services at that Property. HealthCo REIT has conducted both high-level and asset-level assessments of physical risks in order to identify and mitigate those risks.

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require HealthCo REIT to incur costs to address these changes. The transition to a low carbon economy may enable HealthCo REIT to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.

7.2.7. Force majeure events may occur, such as COVID-19

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of HealthCo REIT and the price of the Units. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events that can have an adverse effect on HealthCo REIT's ability to conduct its business.

The events relating to COVID-19 have resulted in significant market falls and volatility including in the prices of securities trading on ASX and on other foreign securities exchanges. There is continued uncertainty as to the further impact of COVID-19 as lockdowns continue to be in place in Australia and as the vaccination roll-outs progress, including in relation to governmental action, work stoppages, additional lockdowns, quarantines, travel restrictions and the impact on the Australian and global economy and share markets. In light of recent Australian and global macroeconomic events, including but not limited to the impact of COVID-19 and other factors, Australia and other international economies could enter recession or downturn, which could impact on the operating and financial performance and prospects of the REIT and continue to interfere with HealthCo REIT's business.

7.2.8. Accounting standards may change

The Australian Accounting Standards to which HealthCo REIT adheres are set by the Australian Accounting Standards Board (**AASB**) and are consequently outside the control of HealthCo REIT and the Directors. Changes in accounting standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in HealthCo REIT's financial statements.

Section 8.

Details of the Offer

Image: Camden

8. Details of the Offer

8.1. Overview of the Offer

This PDS relates to an initial public offering of New Units by HealthCo REIT. The Responsible Entity of HealthCo REIT intends to issue 325 million New Units at the Offer Price of $2.00 per New Unit, raising proceeds of $650 million.[157]

Each New Unit issued under this PDS will, from the time it is issued, rank equally with all other Units on issue.

The Offer comprises:

- the **Institutional Offer**, which is an offer to Institutional Investors in Australia and New Zealand and a number of other eligible jurisdictions to apply for Units; and
- the **Retail Offer**, which consists of the:
  - **Broker Firm Offer:** which is open to Australian and New Zealand resident retail clients of participating Brokers who have received a firm allocation of Units from their Broker; and
  - **Priority Offer:** which is open to selected investors in eligible jurisdictions who have received a Priority Offer invitation to acquire Units under this PDS and is capped at $30 million.

The Offer is made on the terms, and is subject to the conditions set out, in this PDS.

8.2. Capital and unitholding structure

8.2.1. Capital and unitholding structure

	On Completion		
	Number of Units	Value ($)	% total
HomeCo	65,000,010	130,000,020	20.0%
New Unitholders (excluding Directors, Management and Advisory Panel Members)	258,675,000	517,350,000	79.6%
Directors, Management and Advisory Panel Members	1,478,603	2,957,206	0.5%
Total	**325,153,613**	**650,307,226**	**100.0%**

Note: Value of Units calculated as Units held multiplied by the Offer Price.

HealthCo REIT currently has 10 units on issue, all of which are held by HCDL.

8.3. Offer Price and free float

The Offer Price is $2.00 per Unit.

HealthCo REIT's free float at the time of Completion is expected to be approximately 80%.[158]

8.4. Purpose of the Offer

The Offer is being conducted to:

- provide funding capacity for the Acquisitions;
- provide balance sheet capacity to fund capital expenditure for the four Properties currently in development comprising Camden Stage 1, Proxima Southport, Springfield and St Marys;
- provide HealthCo REIT with working capital;
- fund the transaction costs associated with the Offer; and
- provide balance sheet capacity to take advantage of acquisition and development opportunities.

157. Total offer size of $650 million includes subscription by HomeCo of $130 million representing 65 million Units or 20% of total Units on issue on Completion.
158. HomeCo's stake and the Directors' collective stake are excluded from the free float calculation.

8. Details of the Offer (continued)

8.5. Sources and uses

Sources and uses of proceeds, including the Offer and HomeCo investment[159]

Sources of funds	A$ 000s	%	Uses of funds	A$ 000s	%
Cash proceeds from the Offer	520,000	80.0%	Acquisitions[160]	554,787	85.4%
Equity (HomeCo investment in the REIT)	130,000	20.0%	Transaction costs[160]	51,413	7.9%
Debt Facility (drawn)	–	–%	Working capital	43,799	6.7%
Total sources	**650,000**	**100.0%**	**Total uses**	**650,000**	**100.0%**

8.6. Summary of the Offer

The following is a summary of the offer:

TOPIC	SUMMARY
What is the type of security being offered?	New Units (being a fully paid ordinary unit conferring a beneficial interest in HealthCo REIT).
What are the rights and liabilities attached to the Units?	A description of the Units, including the rights and liabilities attaching to them is set out in Section 14.1.
What is the consideration payable for each New Unit being offered under the Offer?	The Offer Price is $2.00 per New Unit.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the key dates in the Key Information section of this PDS. These key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney Time. The Responsible Entity, with the consent of the Joint Lead Managers, reserves the right to amend any or all of the times and dates of the Offer without notice subject to the Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion, accepting late Applications either generally or in particular cases, allotting Units at different times to different Applicants or to cancel or withdraw the Offer without prior notice. If the Offer is cancelled or withdrawn before the allocation and issue of Units to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. The quotation and commencement of trading of the Units is subject to confirmation from ASX.

159. Pro forma including the Contracted Acquisitions.

160. To consist of payments to third parties in relation to the Contracted Acquisitions, the Properties in the Portfolio which are expected to settle at completion of the Offer and full repayment of inter-company loans to HomeCo (reflecting costs spent in relation to the Properties in the Portfolio which are owned and being seeded by HomeCo).

TOPIC	SUMMARY
How much is to be raised under the Offer?	$650 million is to be raised under the Offer, including a $130 million subscription by HomeCo, representing 20% of the Units on issue on Completion.
Will the Offer be extended into New Zealand?	Yes. All Units offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime. No offer of Units is being made to investors in New Zealand until such time as the relevant notice and accompanying documents required to be lodged under the Mutual Recognition Regime have been lodged. Investors in New Zealand should refer to the Warning for New Zealand Investors in the Important Information section of this PDS.
Is the Offer underwritten?	The Offer is fully underwritten by Macquarie Capital and Morgan Stanley. More detail on the underwriting arrangements is set out in Section 13.16.
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers of the Offer are Macquarie Capital, Morgan Stanley and Morgans. National Australia Bank is acting as Retail Joint Lead Manager.
What are the minimum and maximum Application amounts?	For Applicants under the Broker Firm Offer and the Priority Offer, the minimum Application amount is $2,000 worth of Units in aggregate and in increments of at least $500 thereafter. Applicants under the Institutional Offer have been provided with information regarding the Institutional Offer by the Joint Lead Managers. There is no maximum Application amount, however you may be subject to scale back.
What is the allocation policy?	The allocation of Units between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Responsible Entity in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Section 8. **Institutional Offer:** The allocation of Units among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. **Broker Firm Offer:** The Responsible Entity has adopted an allocation policy requiring Brokers with existing HomeCo Securityholder retail clients to prioritise the allocation of Units to such clients, in order to ensure they have an opportunity to invest in HealthCo REIT. However, it will be a matter for each Broker as to how they allocate Units among their eligible retail clients. The Responsible Entity, in consultation with the Joint Lead Managers, reserve the right to reject or scale back Applications in the Broker Firm Offer. **Priority Offer:** Allocations under the Priority Offer will be determined by the Responsible Entity in consultation with the Joint Lead Managers. The Responsible Entity, in consultation with the Joint Lead Managers, reserve the right to reject or scale back an Application in the Priority Offer. The Priority Offer is capped at $30 million. The Responsible Entity reserves the right to decline any Application in whole or in part, without giving any reason. Applicants whose Applications are accepted in full will receive the whole number of Units calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Units to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Responsible Entity.

8. Details of the Offer (continued)

TOPIC	SUMMARY
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about 2 September 2021. Refunds (without interest) to Applicants who make an Application and receive an allocation of Units, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Will the Units be quoted on ASX?	The Responsible Entity will apply, within seven days of the date of the PDS, for admission of HealthCo REIT to the Official List and the quotation of Units on ASX under the code "HCW". Completion is conditional on the ASX approving this application. If approval is not given, the Offer will be withdrawn and all Application Monies received will be refunded as soon as practicable without interest (in accordance with the Corporations Act).
When can I sell my Units on the ASX?	It is expected that Units will commence trading on ASX on a normal settlement basis on or about 6 September 2021. It is the responsibility of the Applicants to confirm their allocation of Units prior to trading in Units. Unitholders who sell Units before they receive their holding statements do so at their own risk.
Are there any escrow arrangements?	Yes. Details are provided in Section 13.15.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Sections 14.7 and 14.8.
Are there any tax considerations?	Yes. Details are provided in Section 11.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Units under the Offer. See Section 13.16 for details of various fees payable by the Responsible Entity to the Joint Lead Managers, Retail Joint Lead Manager, Co-Lead Managers and Co-Managers.
What should you do with any enquiries?	All enquiries in relation to this PDS should be directed to the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether HealthCo REIT is a suitable investment for you, you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before making a decision to invest.

8.7. Broker Firm Offer

8.7.1. Who can apply in the Broker Firm Offer

The Broker Firm Offer is open to Australian and New Zealand resident retail clients of participating Brokers who have a registered address in Australia or New Zealand respectively and who received an invitation from a Broker to acquire Units under this PDS and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Units under the Broker Firm Offer.

8.7.2. How to apply in the Broker Firm Offer

If you have received an invitation to apply for Units from your Broker and wish to apply for those Units under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a PDS and Application Form, or download a copy at www.home-co.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney Time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the back of the Application Form.

By making an Application, you declare that you were given access to the PDS, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this PDS or the complete and unaltered electronic version of this PDS.

The Responsible Entity, the Joint Lead Managers and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

8.7.3. Minimum and maximum Application size

The minimum Application size under the Broker Firm Offer is $2,000 worth of Units in aggregate. There is no maximum Application size under the Broker Firm Offer. The Responsible Entity, in consultation with the Underwriters, reserves the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer and in increments of at least $500 thereafter. The Responsible Entity may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

8.7.4. Broker Firm Offer Opening Date and Broker Firm Offer Closing Date

The Broker Firm Offer opens at 9.00am (Sydney Time) on 12 August 2021 and is expected to close at 5.00pm (Sydney Time) on 27 August 2021. The Responsible Entity and the Underwriters may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

8.7.5. Application Monies

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

8.7.6. Allocation policy

The allocation of Units to Brokers was determined by the Joint Lead Managers and the Responsible Entity. Units which were allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Joint Lead Managers and the Responsible Entity to reject, aggregate or scale back Applications). The Responsible Entity has adopted an allocation policy requiring Brokers with existing HomeCo Securityholder retail clients to prioritise allocation of Units to such clients, in order to ensure they have an opportunity to invest in HealthCo REIT. However, it will be a matter for each Broker as to how they allocate Units among their retail clients, and they (and not the Joint Lead Managers or the Responsible Entity) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Units.

8. Details of the Offer (continued)

Applicants in the Broker Firm Offer will be able to call the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30 am and 5.30 pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Units before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

8.8. Priority Offer

8.8.1. Who can apply?

The Priority Offer is open to selected investors in eligible jurisdictions who have received a Priority Offer invitation to acquire Units under this PDS. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Units in the Priority Offer. The Priority Offer is capped at $30 million. The Priority Offer is not open to persons who are in the United States.

8.8.2. How to apply

If you have received a personalised invitation to apply for Units under the Priority Offer and you wish to apply for all or some of those Units, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate Offer letter and this PDS carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Units are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation.

By making an Application, you declare that you were given access to this PDS, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this PDS or the complete and unaltered electronic version of this PDS.

Applications must be received by no later than 5.00pm (Sydney Time) on 27 August 2021 and it is your responsibility to ensure that this occurs.

Applications under the Priority Offer must be for a minimum of $2,000 worth of Units in aggregate and in increments of $500. Your personalised invitation may indicate the maximum amount of Units that you may apply for.

8.8.3. How to pay

Payment may be made via BPAY® only. Application Monies must be received by the Registry by 5:00pm (Sydney Time) on 27 August 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

8.8.4. Allocation policy

The allocation of Units among Applicants in the Priority Offer will be determined by the Responsible Entity in consultation with the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Units, or the number of Units for which the Applicant applied.

8.9. Institutional Offer

8.9.1. Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Units under this PDS. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

8.9.2. Allocations under the Institutional Offer

The allocation of Units among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. The Joint Lead Managers and the Responsible Entity had absolute discretion regarding the basis of allocation of Units among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Units, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- the Applicant's existing ownership in HomeCo;
- the timing and level of engagement by the Applicant with the Responsible Entity;
- number of Units bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- HealthCo REIT's desire for an informed and active trading market following Completion;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Unitholders; and
- any other factors that the Responsible Entity and the Joint Lead Managers considered appropriate.

8.10. Acknowledgements of Applicants

By submitting an Application, each Applicant under the Offer acknowledges, confirms and agrees as follows:

- that the Applicant personally received a printed or electronic copy of this PDS (and any supplementary or replacement PDS) including or accompanied by the Application Form and read each document in full;
- that the Applicant has received and completed their Application Form in accordance with this PDS and the instructions, declarations and statements on the Application Form;
- that all details provided and statements in their Application Form are complete and accurate and not misleading (including by omission);
- declared that the Applicant(s), if a natural person, is/are over 18 years of age and do/does not suffer from any legal disability preventing them from applying for Units;
- that the signature (particularly where a corporate or trust/trustee) is valid and binding;
- that, once the Responsible Entity or a Broker receives an Application Form, it may not be withdrawn;
- that it has applied for the number of Units (or equivalent dollar amount) shown on the front of the Application Form;
- to being allocated and issued the number of Units applied for (or a lower number allocated in a way described in this PDS), or no Units at all;
- to become a unitholder of HealthCo REIT and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- that the Responsible Entity and the Joint Lead Managers and their respective officers or agents, are authorised to do anything on behalf of the Applicant(s) necessary for Units to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;
- that, in some circumstances, the Responsible Entity may not pay distributions;

8. Details of the Offer (continued)

- that the information contained in this PDS (or any supplementary or replacement PDS) is not financial product advice or a recommendation that Units are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer, Priority Offer and Broker Firm Offer);
- that the Offer may be withdrawn by the Responsible Entity and/or may otherwise not proceed in the circumstances described in this PDS; and
- that if listing does not occur for any reason, the Offer will not proceed.

By submitting an Application, each Applicant in the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Units have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States or to US Persons, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send this PDS or any other material relating to the Offer to any person in the United States;
- it is purchasing the Units in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Units in the United States or in any other jurisdiction outside Australia or New Zealand except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Securities are offered and sold.

8.11. Underwriting arrangements of the Offer

The Offer is fully underwritten. Macquarie Capital, Morgan Stanley, Morgans, the Responsible Entity and HomeCo have entered into an Underwriting Agreement under which Macquarie Capital and Morgan Stanley have been appointed as underwriters of the Offer. Macquarie Capital and Morgan Stanley have agreed, subject to certain conditions and termination events, to underwrite Applications for all Units under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which each of Macquarie Capital or Morgan Stanley may terminate the Underwriting Agreement and its underwriting obligations.

A summary of certain terms of the Underwriting Agreement, which sets out the underwriting arrangements, including the termination provisions, is provided in Section 13.16.

8.12. Restrictions on distribution

No action has been taken to register or qualify this PDS, the Units or the Offer or otherwise to permit a public offering of the Units in any jurisdiction outside of Australia and New Zealand.

This PDS does not constitute an offer or invitation to apply for Units in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this PDS.

This PDS may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This PDS does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The Units have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold, re-sold, pledged or transferred in the United States or to US Persons except in accordance with US Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable state securities law.

See Section 14.4 for further details regarding foreign selling restrictions.

8.13. Discretion regarding the Offer

The Responsible Entity may withdraw the Offer at any time before the issue of Units to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Responsible Entity and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Units than applied or bid for.

8.14. ASX listing, registers and holding statements

8.14.1. Application to ASX for listing of HealthCo REIT and quotation of Units

The Responsible Entity will apply within seven days of the PDS Date for admission of HealthCo REIT to the Official List and quotation of the Units on the ASX. HealthCo REIT's expected ASX code is "HCW".

ASX takes no responsibility for this PDS or the investment to which it relates. The fact that ASX may admit HealthCo REIT to the Official List is not to be taken as an indication of the merits of HealthCo REIT or the Units offered for subscription.

If permission is not granted for the official quotation of the Units on ASX, all Application Monies received by the Responsible Entity will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Responsible Entity from time to time), the Responsible Entity will be required to comply with the Listing Rules.

8.14.2. CHESS and issuer sponsored holdings

The Responsible Entity has applied (or will apply) to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in units quoted on ASX under which transfers are affected in an electronic form.

When the Units become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Units of a unitholder who is a participant in CHESS or a unitholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Units will be registered on the issuer sponsored sub-register.

Following Completion, Unitholders will be sent a holding statement that sets out the number of Units that have been allocated to them. This statement will also provide details of a Unitholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Unitholder Reference Number (SRN) of issuer sponsored holders.

Unitholders will subsequently receive statements showing any changes to their unitholding. Certificates will not be issued.

Unitholders will receive subsequent statements shortly after the end of the month in which there has been a change to their holding and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Unitholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. HealthCo REIT and the Registry may charge a fee for these additional issuer sponsored statements.

8.14.3. Trading of Units on market

Trading on ASX is expected to commence on a normal settlement basis on 6 September 2021. Following the issue of Units, successful Applicants will receive a holding statement setting out the number of Units issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on 2 September 2021.

It is the responsibility of each person who trades in Units to confirm their own holding before trading in Units. Investors will be able to confirm their holdings by telephoning the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period. If you sell Units before receiving a holding statement, you do so at your own risk. The Responsible Entity, the Registry, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, if you sell Units before receiving your holding statement, even if you obtained details of your holding from the Offer Information Line or confirmed your firm allocation through a Broker.

8. Details of the Offer (continued)

8.15. Return of Application Monies

Application Monies for the Units may be held for up to one month, starting on the day on which the money was received, before the Units are issued or the Application Monies are returned.

Application Monies will be refunded (in full or in part) in Australian dollars where an Application is rejected, an Application is subject to scale-back or the Offer is withdrawn (either partially or completely) or cancelled.

No interest will be paid on any refunded amounts. Refund cheques will be sent following completion of the Offer or as otherwise applicable in the circumstances outlined above.

8.16. Enquiries

If you have further enquiries or questions relating to aspects of this PDS or about the Offer, please contact the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays) during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether HealthCo REIT is a suitable investment for you, you should seek professional guidance from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Section 9.

Independent Limited Assurance Report

Image: St Mary's

9. Independent Limited Assurance Report

Building a better working world

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2 August 2021

The Directors
HCW Funds Management Limited as responsible entity
of HealthCo Healthcare and Wellness REIT
19 Bay Street
Double Bay NSW 2028

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA STATEMENT OF FINANCIAL POSITION, FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) ("Responsible Entity") as responsible entity of HealthCo Healthcare and Wellness REIT ("HealthCo REIT" or the "REIT") and Home Consortium (a stapled entity comprised of Home Consortium Limited and Home Consortium Developments Limited, together "HomeCo") to report on the pro forma statement of financial position, forecast financial information and pro forma forecast financial information of the REIT for inclusion in the product disclosure statement to be dated on or about 2 August 2021 (the "PDS"), and to be issued by the Responsible Entity. The PDS is being issued by the Responsible Entity in respect of an offer of 325 million units in the REIT at an offer price of $2.00 per unit to raise $650 million (the "Offer").

Expressions and terms defined in the PDS have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Strategy and Transactions Limited ("Ernst & Young Strategy and Transactions") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Graeme Browning is a Director and Representative of Ernst & Young Strategy and Transactions. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Pro Forma Statement of Financial Position

You have requested Ernst & Young Strategy and Transactions to review the pro forma consolidated statement of financial position of HealthCo REIT at the completion date, being 2 September 2021, the "Completion Date" (the "Pro Forma Statement of Financial Position") as set out in table 5 of Section 6.4 of the PDS.

The Pro Forma Statement of Financial Position represents HealthCo REIT's financial position at the Completion Date, and has been prepared to reflect the effects of the transactions and pro forma adjustments described in Section 6.2.2 of the PDS.

The Pro Forma Statement of Financial Position has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS"), other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions and the Offer as if they occurred as at the Completion Date.

Due to its nature, the Pro Forma Statement of Financial Position does not represent HealthCo REIT's actual or prospective financial position.

Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following financial information of HealthCo REIT:

- the forecast consolidated statement of profit and loss for the period from the Completion Date to 30 June 2022 as set out in table 1 of Section 6.3.1 of the PDS; and
- the forecast consolidated funds from operations for the period from the Completion Date to 30 June 2022 as set out in table 2 of Section 6.3.2 of the PDS.

(Hereafter the "Forecast Financial Information").

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Sections 6.5.1 and 6.5.2 of the PDS.

The stated basis of preparation used in the preparation of the forecast consolidated statement of profit and loss is in accordance with recognition and measurement principles contained in AAS.

The forecast consolidated funds from operations has been prepared in accordance with the stated basis of preparation, representing the forecast consolidated net profit adjusted for acquisition and transaction costs, straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees and rental guarentees with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

9. Independent Limited Assurance Report (continued)

Pro Forma Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following pro forma forecast financial information of HealthCo REIT:

- the pro forma forecast consolidated statement of profit and loss for the six months ending 30 June 2022 as set out in table 1 of Section 6.3.1 of the PDS; and
- the pro forma forecast consolidated funds from operations for the six months ending 30 June 2022 as set out in table 2 of Section 6.3.2 of the PDS.

(Hereafter the "Pro Forma Forecast Financial Information").

The Pro Forma Statement of Financial Position, the Forecast Financial Information and the Pro Forma Forecast Financial Information together form the "Financial Information".

The pro forma forecast consolidated statement of profit and loss for the six months ending 30 June 2022 has been derived from the forecast consolidated statement of profit and loss of HealthCo REIT for the period from the Completion Date to 30 June 2022, adjusted to exclude the profit and loss impact of any transactions which are forecast to occur from the Completion Date to 31 December 2021.

The pro forma forecast consolidated funds from operations for the six months ending 30 June 2022 has been derived from the forecast consolidated funds from operations for the period from the Completion Date to 30 June 2022, adjusted to exclude the forecast funds from operations of any transactions which are forecast to occur from the Completion Date to 31 December 2021.

The pro forma forecast consolidated statement of profit and loss has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS.

The pro forma forecast consolidated funds from operations has been prepared in accordance with the stated basis of preparation, representing the pro forma forecast consolidated net profit adjusted for straight-lining of rental income, amortisation of lease incentives, amortisation of capitalised debt establishment fees rental guarantees with reference to the best practice guidelines published by the Property Council of Australia (PCA) in May 2019.

Due to its nature, the Pro Forma Forecast Financial Information does not represent HealthCo REIT's actual or prospective financial performance and funds from operations for the six months ending 30 June 2022.

The Financial Information is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

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3. Directors' Responsibility

Pro Forma Statement of Financial Position

The directors of the Responsible Entity (the "Directors") are responsible for the preparation and presentation of the Pro Forma Statement of Financial Position, including the basis of preparation and selection and determination of the pro forma adjustments included in the Pro Forma Statement of Financial Position. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Pro Forma Statement of Financial Position that are free from material misstatement, whether due to fraud or error.

Forecast Financial Information and Pro Forma Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Forecast Financial Information for the period from the Completion Date to 30 June 2022, including the basis of preparation and the best-estimate assumptions underlying the Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for the six months ending 30 June 2022, including the basis of preparation, selection and determination of the pro forma adjustments made to the Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Forecast Financial Information and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Pro Forma Statement of Financial Position

Our responsibility is to express a limited assurance conclusion on the Pro Forma Statement of Financial Position based on the procedures and the evidence we have obtained.

Forecast Financial Information and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

9. Independent Limited Assurance Report (continued)

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Pro Forma Statement of Financial Position

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Statement of Financial Position of HealthCo REIT at the Completion Date as set out in table 5 of Section 6.4 of the PDS, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2.1 of the PDS.

Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Forecast Financial Information of HealthCo REIT for the period from the Completion Date to 30 June 2022 do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 6.5.1 and 6.5.2 of the PDS; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the PDS; and
- the Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of HealthCo REIT for the six months ending 30 June 2022 do not provide reasonable grounds for the Pro Forma Forecast Financial Information;

- in all material respects, the Pro Forma Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 6.5.1 and 6.5.2 of the PDS; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 6.2.1 of the PDS; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Forecast Financial Information and Pro Forma Forecast Financial Information

The Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared by management of the Responsible Entity and HomeCo and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and funds from operations of HealthCo REIT for the period from the Completion Date to 30 June 2022 and for the six months ending 30 June 2022. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management of the Responsible Entity and HomeCo expect to occur and actions that such management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of HealthCo REIT. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information and Pro Forma Forecast Financial Information is based however such evidence is generally future- oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in HealthCo REIT which are detailed in the PDS and the inherent uncertainty relating to the Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 7 and 6.6 respectively of the PDS. The sensitivity analysis described in Section 6.6 of the PDS demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Responsible Entity and HomeCo, that all material information concerning the prospects and proposed operations of HealthCo REIT has been disclosed to us and that the information provided to us for the purpose of our work is true complete and accurate in all respects. We have no reason to believe that those representations are false.

9. Independent Limited Assurance Report (continued)

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6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.2.1 of the PDS, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Strategy and Transactions has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Strategy and Transactions does not have any interests in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young Strategy and Transactions Limited

Graeme Browning

Director and Representative

Ernst & Young Strategy and Transactions Limited
200 George Street
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2 August 2021

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Strategy and Transactions

Ernst & Young **Strategy and Transactions Limited** ("Ernst & Young Strategy and Transactions" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

9. Independent Limited Assurance Report (continued)

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5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $44,000 (inclusive of GST).

Ernst & Young Strategy and Transactions is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in Section 14.5 of this Product Disclosure Statement, Ernst & Young Strategy and Transactions, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Strategy and Transactions and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Strategy and Transactions, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

9. Compensation Arrangements

Ernst & Young and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Ernst & Young's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Ernst & Young satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Strategy and Transactions Limited AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	**Contacting the Independent Dispute Resolution Scheme:** Australian Financial Complaints Authority Limited GPO Box 3 Melbourne, VIC 3001 Telephone: 1800 931 678

This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

Section 10.

Summary of Valuation Reports

Image: Rouse Hill

10. Summary of Valuation Reports

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23 July 2021

The Directors
Home Consortium Limited
19 Bay Street,
Double Bay NSW 2028

RE: VALUATION SUMMARY LETTER AS AT 31 AUGUST 2021
Aurrum Aged Care Residence – Erina & Terrigal Drive, 351 Terrigal Drive, Erina, NSW (Our Ref: HRL2835); and
Busy Bees Child Care & Body Fit, 201 Logan Road, Woolloongabba, QLD (Our Ref: C8228).

Instructions

We refer to the instructions issued by Home Consortium Limited (HomeCo) requesting CIVAS (NSW) Pty Limited to assess the Market Value of the properties within the subject heading (the Properties) and provide valuation reports (The Valuations) to assist with Internal Reporting and First Mortgage Security purposes and to provide a summary (Summary Letter) of The Valuations suitable for inclusion in a Product Disclosure Statement (PDS) to be issued by HomeCo.

This Summary Letter outlines the key considerations adopted in arriving at our opinion of Market Value in The Valuations. For further information reference should be made to The Valuations (Our Ref: HRL2835 ['Erina'] & C8228 ['Woolloongabba']) as at 31 August 2021 to be held by HomeCo.

CIVAS (NSW) Pty Limited consents to the inclusion of this Summary Letter in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within the Valuations, this Summary Letter and the further condition that HomeCo includes the Qualifications and Warnings detailed within this Summary Letter in the PDS.

10. Summary of Valuation Reports (continued)

Date of Valuation

Erina

This valuation has been completed under consideration of the Australian Property Institute's Valuation Protocol – Guidelines for API Declared Time of Crisis and / or State Of Emergency Impacting Physical Inspection of Real Property as the NSW Government's COVID-19 lockdown restrictions has prevented the primary Valuer from completing a physical inspection. We have relied upon previous inspection notes and photographs from January 2021, which we sought to corroborate using available online resources and from information provided to us by Aurrum and HomeCo. Our valuation is therefore provided on the basis of a Desktop Assessment. As a result, a higher degree of value variability exists increasing the risk to the Reliant Party.

Woolloongabba

This valuation has been completed under consideration of the Australian Property Institute's Valuation Protocol – Guidelines for API Declared Time of Crisis and / or State Of Emergency Impacting Physical Inspection of Real Property as the Queensland Government's border access restrictions has prevented the primary Valuer from completing a physical inspection. We have therefore investigated the property details using a locally based Australian Property Institute designated Certified Practising Valuer employed by Colliers, available online resources and from information provided to us by HomeCo. This individual has completed an inspection using a detailed Child Care-specific Inspection Checklist provided to him by us and completed under our specific direction.

This property was inspected on 13 July 2021 in advance of the 31 August 2021 Date of Valuation and we are informed by HomeCo that there have been no material changes in circumstances relating to the property up to the date of this letter. We also assume no material variation in the property or the market up to the Date of Valuation. Note we have relied on this advice and have not made additional inquiries in this regard, nor have we re-inspected the property.

Given potential changes to the market and the Properties, The Valuations represent our opinion as at the Date of Valuation only (being 31 August 2021). We do not accept any liability for losses arising from such subsequent changes in value. For the purpose of this valuation, we have assumed that the Properties and the market have remained unchanged between our inspection date and the Date of Valuation, with the exception of our opinion of appropriate allowances made as a result of the anticipated impacts of the COVID-19 crisis, however, we highlight this situation is continuously evolving.

Home Consortium Limited
Letter Summary for Inclusion in PDS
31 August 2021

Basis of Valuation

The Valuations have been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

Market Value	*"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."*

Fair Value Definition

We further note that this valuation has been undertaken for financial reporting purposes and has been completed in accordance with International Financial Reporting Standards 13 (as defined in the International Valuation Standards 2017 – Fair Value), Australian Accounting Standards Board AASB 13 – Fair Value Measurement and AASB 140 – Investment Property. The Fair Value definition is as follows:

AASB 13	*"…the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*
Highest & Best Use	The Fair Value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible and financially feasible. We believe that the current use of the property is reflective of its highest and best use.

Summary of Value

We have assessed the Market Value of the freehold interest in the Properties as at 31 August 2021, as detailed below, subject to the qualifications and assumptions contained here and within The Valuations.

Erina	Adopted Value (100% Freehold Interest subject to existing lease)	$35,000,000 (GST Exclusive)
Woolloongabba	Adopted Value (100% Freehold Interest subject to existing leases)	$13,000,000 (GST Exclusive)

10. Summary of Valuation Reports (continued)

Brief Description of the Properties

Erina

Aurrum Erina and Terrigal Drive Aged Care Facility is situated on the northern side of Terrigal Drive within the suburb of Erina which forms part of the Central Coast region of NSW. The facility is located within the commercial hub precinct of Erina and is approximately 7 kilometres east of Gosford Town Centre and approximately 82 kilometres north of the Sydney Central Business District (CBD).

Aurrum Erina (AE) comprises a purpose built single level Residential Aged Care Facility (RACF) constructed in two stages. Stage 1 was completed in circa 2003 and currently provides accommodation for up to 102 residents in a mixture of single and double bedrooms with ensuites. Stage 2 was completed in circa 2004 and comprises five separate circular pods, of which four provide accommodation for up to 80 residents in single bedrooms with ensuites. The fifth pod comprises the communal dining, commercial kitchen and additional common areas.

Aurrum Terrigal Drive (ATD) comprises a modern purpose built 3 level RACF completed in 2017 and currently provides accommodation for up to 71 residents in single bedrooms with ensuites.

We highlight while AE and ATD are referred to as separate facilities, they both operate under the same RAC number. In total there are 250 beds across both AE and ATD. The total number of operational aged care beds has been confirmed on the NSW Aged Care Service list.

As at the Date of Valuation:

No. of Tenants	The subject is 100% leased to Aurrum Pty Limited.
Tenant	Aurrum Pty Limited ACN 168679 123.
Lease Commencement Date	2 September 2020.
Term	10 + 10 + 10.
Review Structure	Annual CPI reviews, with market review at the commencement of any further term (with 10% cap and collar clause).
Passing Rent	$2,200,000 per annum plus GST net.
Term Remaining	9.00 years.
Weighted Lease Duration by Area	9.00 years.
Weighted Lease Duration by Income	9.00 years.

Home Consortium Limited
Letter Summary for Inclusion in PDS
31 August 2021

Woolloongabba

The subject property comprises a mixed use building incorporating a child care centre and ground floor retail tenancy. The child care component is set over four levels and is currently approved for 169 children per day catering for the 0-5 age groups, trading as 'Busy Bees Woolloongabba'. As at the date of inspection, the ground floor retail tenancy was operating as a gymnasium trading as 'Body Fit' gym.

The improvements are erected upon a corner allotment that is naturally sloping, however, has been benched to provide for a generally level site. Vehicular access is provided via Taylor Street only to traffic travelling in both directions. On-site parking is provided for approximately 17 vehicles in total.

The property is located within the suburb of Woolloongabba within the greater Brisbane Metropolitan area, approximately 4 kilometres south-east of the Brisbane CBD.

From our measurement and the floor plan provided, the approximate building areas are as follows:

Component	Area
Unencumbered Indoor Area for child care	545m²
Unencumbered Outdoor Area for child care	1,233m²
Ancillary Areas for child care	567m²
Gross Floor Area Retail	247m²
Adopted Building Area	**2,592m²**

Furthermore, the premises of a centre based education and care service must have at least 3.25 square metres of unencumbered indoor play space per child that is exclusively for the use of children. For the purposes of calculating unencumbered indoor play space, items such as any passage way or thoroughfare, door swing areas, kitchen, cot rooms, toilet or shower areas located in the building or any other centre such as cupboards and areas set aside as referred to above are to be excluded. In addition to unencumbered indoor play space, the centre must have at least 7 square metres of useable outdoor play space per child that is exclusively for the use of children. The subject property appears compliant with the above.

As at the Date of Valuation:

No. of Tenants	The subject is 100% occupied and comprises 2 tenants.	
Tenant	FEL Child Care Centres 1 Pty Ltd operating as Busy Bees Woolloongabba	Rumac Pty Ltd operating as Body Fit Woolloongabba
Lease Commencement Date	26 February 2019	19 March 2021
Term	15 + 5 + 5 + 5 years	5 + 5 years
Review Structure	Fixed annually at 3% with the exception of a market review at the execution of any option period.	Fixed annually at 3% with the exception of a market review at the execution of any option period.
Passing Rent	$625,300 per annum plus GST net	$90,000 per annum plus GST gross
Term Remaining	12.49 years	4.55 years
Weighted Lease Duration by Area	11.73 Years	
Weighted Lease Duration by Income	11.49 Years	

10. Summary of Valuation Reports (continued)

Rental Profile

The Properties are fully leased and the passing annual rental in both instances is considered to be reflective of market rental. There is a portion of non-recoverable outgoings for the Woolloongabba analysis, while 100% of outgoings are recoverable at Erina.

A schedule of the current annual rentals and estimated future annual rentals is included in the 'Income Summary' section of The Valuations. We note that these estimated future rentals are presented for the purposes of our analysis only and are undertaken on a basis consistent with comparable evidence. However future income streams, outgoings and capital expenditure items at the Properties will be variable and dependant on changing market conditions which we cannot predict with any accuracy. The estimated future annual rentals are provided as a valuation tool only, and we make no representation in relation to the actual future income streams to be derived from the Properties and we do not provide any warranty in this regard.

Valuation Methodology

In determining the Market Value of the Properties, CIVAS (NSW) Pty Limited has examined the available market evidence and applied this analysis to the Capitalisation of Net Income and Discounted Cash Flow (DCF) Approaches. These approaches have in turn been checked by the Direct Comparison Approach on the basis of sales analysed at a rate per square metre of GLA (child care) / bed (aged care).

The Capitalisation of Net Income Approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (equated reversionary yield). To the value derived, adjustments have been made for any rental reversions, vacancies, leasing costs and capital expenditure required over the first 24 months.

The DCF has been undertaken over a 10-year time horizon discounting the net income over this period on a monthly basis together with the value of the Property, net of selling expenses, in the 121st month. The net present value has been determined after allowing for capital expenditure and costs associated with the purchase of the Property.

Our valuation has been undertaken on a GST exclusive basis.

Valuation Analysis and Assumptions

Erina

The following criteria has been adopted:

i. We have capitalised the net passing income at 6.25% in line with available market evidence.

ii. A DCF analysis over a 10-year investment horizon has been undertaken, based upon a discount rate of 7.00%, average net face rental growth over the cash flow term of 3.14% per annum, and an adopted terminal yield of 6.50%.

iii. The advice that the tenant is responsible for 100% of outgoings, which is captured in the aged care operations, or is to be reimbursed in full to the landlord as per the terms of the lease. Our assessment therefore reflects a money-in-money-out scenario.

iv. We have allowed 6 month gross down time periods for future vacancies to which we have applied a 80% renewal probability.

v. Based upon our adopted value of $35,000,000 the subject property reflects an initial passing yield of 6.29%; an equivalent initial yield of 6.25%; an equivalent reversionary yield of 6.25%, an IRR of 6.69% (including capital expenditure) and a capital value rate of $140,000 per bed. These parameters are considered reasonable given the available and comparable sales evidence and the current market dynamics.

Please refer to The Valuations for commentary on market conditions including analysis of recent leasing and sale transactions.

10. Summary of Valuation Reports (continued)

Woolloongabba

The following criteria has been adopted:

i. We have capitalised the net passing income at 5.50% in line with available market evidence.

ii. Outgoings have been adopted at $117,549 per annum or $45.35 per m², of which $11,202 (or $4.32 per m²) are non-recoverable, which appears appropriate for this type of property.

iii. Based upon our adopted value of $13,000,000 the subject property reflects an initial passing yield of 5.42%; an equivalent initial yield of 5.42%; and a capital value rate of $5,015 per m² of GLA or $76,923 per place. These parameters are considered reasonable given the available and comparable sales evidence and the current market dynamics.

Please refer to The Valuations for commentary on market conditions including analysis of recent leasing and sale transactions.

Material Assumptions

Material assumptions are contained within The Valuations. This Summary Letter should be read in conjunction with The Valuations and we cannot fully summarise all matters discussed in The Valuations within this Summary Letter. That said, some of the primary matters that could affect the valuations are noted below, however we caution that such matters are not limited to the following:

Erina

- We have been provided with a Certification Assessment Report for Fire Safety Measures prepared by Wormald Certification and Engineering, dated 20 September 2019. The report highlights several areas of non-compliance within the ATD building, including building materials which are expected to contain Combustible Cladding Material (CCM).

  We have previously been advised in writing by Home Consortium Developments Limited that these are warranty issues to be rectified at the expense of the original builder (and in any event guaranteed by the operator Aurrum Pty Ltd). Based on this advice, we have made no allowances in The Valuations to address the above fire safety compliance issues and have assumed that these will be addressed under the contract with the original builder.

  We strongly advise the reliant parties make enquiries to their own level of satisfaction in regard to these fire safety compliance issues prior to any reliance on The Valuations. Should it be determined Home Consortium Developments Limited is responsible for the removal and replacement of these CCMs then we strongly advise an update of The Valuations be instructed in order to assess the potential impact on value.

Information Sources

The Valuations have been reached after reviewing financial and tenancy information provided. The information reviewed and supplied includes, although is not limited to, the following:

Erina

- Copy of Lease;
- Copy Section 10.1 Planning Certificate, dated 29 May 2020;
- Profit and loss statements for 2020/21 YTD and full year budget.
- YTD Occupancy levels for 2020/21 financial year.
- Details of current RAD/DAP schedules;
- Details of current CAPEX requirements; and
- Copy of Annual Fire Safety Statement.

Woolloongabba

- Executed lease agreements;
- Contract of sale from acquisition in March 2021;
- Service approval;
- Statutory outgoings;
- Floor plans;
- Planning certificate;
- Schedule of plant and equipment;
- Outgoings budget for July 2020 to June 2021 period; and
- Tenancy schedule.

10. Summary of Valuation Reports (continued)

Qualifications and Warnings

(i) The Valuations have been prepared for Home Consortium Limited (HomeCo) only and for the specific purposes outlined within The Valuations and cannot be relied upon by third parties.

(ii) In the event that Home Consortium Limited (HomeCo) is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the Properties CIVAS (NSW) Pty Limited does not extend reliance authority for The Valuations to any party beyond the Responsible Entity and does not extend reliance authority for The Valuations to any third parties which may have an interest in such an investment vehicle.

(iii) CIVAS (NSW) Pty Limited has prepared this Summary Letter which appears in the PDS. CIVAS (NSW) Pty Limited was involved only in the preparation of this Summary Letter and The Valuations referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the PDS, other than in respect of The Valuations and this Summary Letter.

(iv) Whilst the Summary Letter is a summary of The Valuations as at the Date of Valuation, it has not been prepared for the purpose of assessing the property as an investment opportunity. Furthermore, we caution that we cannot fully detail in this Summary Letter all matters discussed within The Valuations.

(v) CIVAS (NSW) Pty Limited has not been involved in the preparation of the PDS nor have The Valuations had regard to the other material contained in the PDS. The Valuations and report content do not take into account any matters concerning the investment opportunity contained in the PDS.

(vi) Neither CIVAS (NSW) Pty Limited nor any of its Directors makes any representation or recommendation in relation to The Valuations, the investment opportunity contained in the PDS and the PDS itself nor accepts responsibility for any information or representation made in the PDS.

(vii) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS.

(viii) CIVAS (NSW) Pty Limited is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. CIVAS (NSW) Pty Limited does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the Properties detailed in The Valuations.

Liability Disclaimer

In the case of advice provided in this Summary Letter and The Valuations which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in this Summary Letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where The Valuations are relied upon after the expiration of 90 days from the date of this letter, or such earlier date if you become aware of any factors that have any effect on The Valuations.

Valuation Experience and Interest

We confirm that the Nominated Valuers have in excess of five (5) years continuous experience in the valuation of property of similar type and are authorised by law to practise as a Valuer in QLD and qualified to practice as a valuer in NSW. We therefore specifically state, the Nominated Valuers:

a) are suitably qualified to carry out such valuations and have at least five years appropriate experience;
b) are authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;
c) have no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and
d) accept instructions to value the property only from the Trustee / Responsible Entity.

Further, we confirm that the Valuers do not have a pecuniary interest that could conflict with the proper valuation of the Properties, and we advise that this position will be maintained until at least 90 days from the Date of Valuation.

Yours sincerely,

CIVAS (NSW) Pty Limited

Dylan Adams, AAPI MRICS
Director | Specialisations
Certified Practising Valuer
QLD Registered Valuer No. 4014

Nigel Boon, AAPI MRICS
Associate Director, Healthcare & Retirement Living
Certified Practising Valuer

Report Verification: Andrew Collins – Head of Business Operations & Risk Management **QA ID: 8807059**

This valuation and the associated report have undergone verification in accordance with the Colliers International Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.

10. Summary of Valuation Reports (continued)

20 July 2021

Savills Valuations Pty Ltd
ABN 73 151 048 056
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DL: (03) 8686 8064

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Melbourne VIC 3000
T: (03) 8686 8000
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savills.com.au

Mr Will McMicking
Finance Director
Home Consortium Limited
19 Bay Street
Double Bay NSW 2028

Our Ref: GW21039628

Re: HealthCo REIT – Valuation Summary Letter

Instructions

We refer to your instructions requesting Savills Valuations Pty Ltd to prepare a valuation of the freehold interest, subject to existing tenancies of the below assets ("subject properties"). We have been instructed to provide this summary report on the subject properties for inclusion in a product disclosure statement (PDS) issued by Home Consortium Limited. The subject properties are tabled below:

	Property Name	Address	Suburb	State
1	Ballarat	21-53 Learmonth Road	Wendouree	VIC
2	Cairns	147-161 Draper Street	Portsmith	QLD
3	Concord	173-175 Majors Bay Road	Concord	NSW
4	Essendon	138 Hoffmans Road	Essendon	VIC
5	Five Dock	4-8 Ramsay Road	Five Dock	NSW
6	Rouse Hill	4-6 Commercial Road	Rouse Hill	NSW
7	Springfield	95 Southern Cross Circuit	Springfield	QLD
8	St Marys	213 Forrester Road	North St Marys	NSW
9	Tarneit	80 Homebush Drive	Tarneit	VIC

These valuations have been prepared in accordance with API guidelines, RICS Valuation – Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS). We further confirm that the Valuer who has undertaken this valuation:

a) is suitably qualified to carry out such valuations and has at least five years appropriate experience;
b) is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;
c) is a member of the Australian Property Institute and a Certified Practising Valuer;
d) has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and
e) accepts instructions to value the property only from the Trustee / Responsible Entity.

Date of Valuation

31 August 2021

savills

Valuation Methodology and Rationale

Our primary method of valuation has been the capitalisation approach, with consideration also having been given to the Discounted Cash Flow and Direct Comparison approaches to value. A summary of these adopted valuation approaches as provided below.

Capitalisation Approach
The capitalisation approach to value involves the assessment of the current annual market rental value of the property. Our assessment of current annual market rental value has been based on an analysis of comparable rental evidence. The current market rental has then been capitalised at a rate derived from establishing a relationship between rental returns and the sale prices of comparable investment properties.

Discounted Cash Flow Analysis
The discounted cash flow analysis takes into account the ability of the property to generate income over a 10 year period based on certain assumptions. Provision is made for leasing up periods upon the expiry of the various leases throughout the 10 year time horizon. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present Market Value of the property.

Direct Comparison Approach
Under the direct comparison approach we have compared the subject property to the analysis of the identified comparable sales evidence on a $/m² of gross lettable area basis.

Valuation Summary

We have arrived at our individual Market Value assessments after considering recent sales of comparable properties and having regard to the subject property's investment attributes. We have used both the capitalisation and discounted cash flow methods in arriving at our assessment of Market Value with the adopted analysis and valuation of the property being outlined as follows:

	Property Name	Adopted Capitalisation Rate	Adopted Discount Rate	IRR (10 Yr)	Equated Market Yield	Adopted Value	$/m² GLA
1	Ballarat	6.25%	7.00%	6.90%	6.24%	$33,500,000	$2,691
2	Cairns	6.50%	7.50%	7.29%	6.57%	$36,000,000	$3,249
3	Concord	4.75%	N/A	N/A	4.83%	$14,500,000	$10,262
4	Essendon	4.75%	N/A	N/A	4.75%	$9,600,000	$11,940
5	Five Dock	5.50%	N/A	N/A	5.47%	$10,175,000	$14,536
6	Rouse Hill	5.50%	6.50%	6.70%	5.47%	$63,000,000	$4,495
7	Springfield	5.50%	6.00%	6.17%	5.39%	$20,500,000	$1,824
8	St Marys	5.75%	N/A	N/A	5.79%	$20,000,000	$628
9	Tarneit	5.00%	N/A	N/A	5.00%	$7,750,000	$7,452

10. Summary of Valuation Reports (continued)

Company Qualifications

Savills Valuations Pty Ltd **("Savills")** has prepared this summary letter for inclusion in the PDS on the following conditions:

1. This letter is a summary of the valuation reports only. Any reliance should therefore be based upon the actual possession or sighting of the original valuation reports duly signed and countersigned by Savills. Such reliance is subject to the assumptions, limitations and disclaimers contained therein. Savills disclaim liability to any party using this summary letter without reference to the actual valuation reports.

2. Savills has prepared the valuations and this letter based on information provided by the instructing party. Savills believes that this information is accurate and complete, however Savills has not independently verified such information.

3. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Savills does not, nor do the valuers, hold an Australian Financial Services Licence and neither are operating under such a licence in providing their opinion as to the value of the properties detailed in this letter and the valuation reports.

4. Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS, that were not prepared by Savills.

5. The valuation reports are current at the date of valuation only. The value assessed therein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

6. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject properties under frequent review.

7. Neither this letter nor the valuation reports may be reproduced in whole or in part without the prior written consent of Savills.

8. Savills's liability is limited by a scheme approved under Professional Standards Legislation.

Valuers Interest

We confirm that Savills Valuations Pty Ltd and the appointed Valuers nominated with the full valuation report, do not have any pecuniary interest that would conflict with the proper valuation of the subject properties and the valuation being made independently of Home Consortium Limited and/or its officers. Neither the Valuers nor Savills Valuations Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Yours sincerely,

Joe Phegan

Joe Phegan AAPI
Certified Practising Valuer
National Head - Valuation and Advisory
Savills Valuations Pty Ltd

10. Summary of Valuation Reports (continued)

Level 30, Grosvenor Place
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23 July 2021

The Directors
Home Consortium Limited
19 Bay Street,
Double Bay NSW 2028

RE: VALUATION SUMMARY LETTER AS AT 21 JULY 2021
PROPOSED CAMDEN HEALTHCARE PRECINCT
Lot 6, The Hermitage Way, Gledswood Hills NSW;
Lot 7, The Hermitage Way, Gledswood Hills NSW; &
Lot 832 & 833, The Hermitage Way, Gledswood Hills NSW (Our Ref: HRL2865).

Instructions

We refer to the instructions issued by Home Consortium Limited (HomeCo) requesting CIVAS (NSW) Pty Limited to assess the Market Value and Fair Value of the properties within the subject heading (the Properties) and provide valuation reports (The Valuations) to assist with Financial Reporting and First Mortgage Security purposes and to provide a summary (Summary Letter) of The Valuations suitable for inclusion in a Product Disclosure Statement (PDS) to be issued by HomeCo.

This Summary Letter outlines the key considerations adopted in arriving at our opinion of Market Value in The Valuations. For further information reference should be made to The Valuations (Our Ref: HRL2865) as at 21 July 2021 to be held by HomeCo.

CIVAS (NSW) Pty Limited consents to the inclusion of this Summary Letter in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within the Valuations, this Summary Letter and the further condition that HomeCo includes the Qualifications and Warnings detailed within this Summary Letter in the PDS.

Home Consortium Limited
Letter Summary for Inclusion in PDS
21 July 2021

Date of Valuation

This property was inspected on 22 July 2021 (one day after the 21 July 2021 Date of Valuation) and we assume no material variation in the property or the market between the two dates.

The Valuations represent our opinion as at the Date of Valuation only (being 21 July 2021). We do not accept any liability for losses arising from such subsequent changes in value. For the purpose of this valuation, we have assumed that the Properties and the market have remained unchanged between our inspection date and the Date of Valuation.

Basis of Valuation

The Valuations have been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

Market Value	*"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."*

Fair Value Definition

We further note that this valuation has been undertaken for financial reporting purposes and has been completed in accordance with International Financial Reporting Standards 13 (as defined in the International Valuation Standards 2017 – Fair Value), Australian Accounting Standards Board AASB 13 – Fair Value Measurement and AASB 140 – Investment Property. The Fair Value definition is as follows:

AASB 13	*"…the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*
Highest & Best Use	The Fair Value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible and financially feasible. We believe that the current use of the property is reflective of its highest and best use.

Summary of Value

It is important to note that there is currently a sale proceeding on each property. Accordingly, we have assessed the Market Value and Fair Value of the freehold vacant possession interest in the Properties as at 21 July 2021, as detailed below, subject to the qualifications and assumptions contained here and within The Valuations.

Lot 6 ("Camden Stage 2")	Adopted Value (100% Freehold Vacant Possession Interest)	$10,000,000 (GST Exclusive)
Lot 7 ("Camden Stage 3")	Adopted Value (100% Freehold Vacant Possession Interest)	$27,750,000 (GST Exclusive)
Lot 832 / 833 ("Camden Stage 1")	Adopted Value (100% Freehold Vacant Possession Interest)	$15,000,000 (GST Exclusive)

Our assessed values support the purchase price for the respective Lots. Please refer to The Valuations for a summary of the Contracts of Sale.

10. Summary of Valuation Reports (continued)

Home Consortium Limited
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21 July 2021

Brief Description of the Properties

We have been instructed to assess the Market Value and Fair Value of 3 adjoining allotments located within the proposed 'Camden Medical Precinct' in the South Western Sydney growth corridor, 65 kilometres south-west of the Sydney Central Business District (CBD).

The 3 allotments are under contract, having been exchanged on 9 July 2021, and a settlement date of 9 August 2021, with the exception of Lot 7, which is due to be settled on 15 September 2021.

A brief summary of the 3 allotments are as follows:

Lot 6 ("Camden Stage 2")

Lot 6 is located on the western side of The Hermitage Way to the south of Lot 7 and the north of Lots 832-833. The lot is regular in shape and is currently unimproved. Our search of online mapping services and the NSW Planning Portal indicate a waterway located centrally through the lot.

State Significant Development Concept approval was received in April 2017 (modified in May 2020) for the construction of the Camden Medical Campus Precinct including a private hospital and other medical services. There is a 4-storey biomed facility proposed for the subject site.

We highlight that while concept approval has been obtained, there is no formal Development Application or Approval as at the Date of Valuation.

We note the current planning controls for the site are as follows:

Planning Scheme	State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Appendix 9 – Camden Growth Centres Precinct Plan)
Zoning	B5: Business Development
Site Area	8,000 m²
Proposed Gross Floor Area (GFA)	10,840 m² (as proposed within SSDC)

Home Consortium Limited
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Lot 7 ("Camden Stage 3")

Lot 7 is the northern most allotment, which comprises an irregular shaped allotment and being a corner lot, benefits from frontages to both The Hermitage Way to the west and Digitaria Drive to the north. The subject site is currently unimproved.

State Significant Development Concept approval received in April 2017 (modified in May 2020) for the construction of the Camden Medical Campus Precinct including a private hospital and other medical services. The main hospital building will be constructed on the subject site and will provide over 50,000 sqm GFA. The improvements are also proposed to comprise specialist medical suites, outpatient clinics, operating theatres, ICU, and inpatient wards, in addition to lecture rooms and facilities.

We highlight that while concept approval has been obtained, there is no formal Development Application or Approval as at the Date of Valuation.

We note the current planning controls for the site are as follows:

Planning Scheme	State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Appendix 9 – Camden Growth Centres Precinct Plan)
Zoning	B5: Business Development
Site Area	33,480 m²
Proposed Gross Floor Area (GFA)	Circa 50,000 m² (as proposed within SSDC)

Lot 832/833 ("Camden Stage 1")

Lot 832/833 is the southernmost allotment, which comprises an irregular shaped allotment and being a corner lot, benefits from frontages to The Hermitage Way to the east and Gregory Hills Drive to the south.

We note the current planning controls for the site are as follows:

Planning Scheme	State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Appendix 9 – Camden Growth Centres Precinct Plan)
Zoning	B5: Business Development
Site Area	8,000 m²
Proposed Gross Floor Area (GFA)	8,540 m² (as approved)

The subject site obtained Development Approval in November 2017 (expires November 2022) for construction and use of a mixed use development containing a private hospital (57 overnight beds), medical centre and a food and drink premises, display of signage, lot consolidation and associated site works. The development will comprise circa 6,680 sqm GFA. In addition, a 4 level multi-storey carpark for a total of 220 vehicles is approved for the northern portion of the site.

10. Summary of Valuation Reports (continued)

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Sales Evidence

We analysed a number of site sales within the wider South Western and Western Sydney market, as well as available healthcare site sales within the Sydney metropolitan area, which we consider to be the most helpful in deriving our opinion of the Freehold Market Value and Fair Value of the Properties. It is considered under the current zoning and planning controls; the highest and best use would be for healthcare purposes.

The Valuations have been formed having regard mostly to transactional evidence which occurred prior to the impact on the property market and economy as a result of COVID-19. This increases the subjectivity of our assessment and therefore the potential for value variability.

We note that all comparable sales have been analysed on a GST exclusive basis. In this regard, we report a GST exclusive value in our assessment within the Valuation report.

Valuation Methodology

In determining the Freehold Market Value of the Properties, we have examined the available market evidence and applied this analysis under the direct comparison approach, on a rate per square metre of site area / GFA basis.

When determining an appropriate rate per square metre range we have had specific regard to planning controls; surrounding uses; property size, dimensions, frontage and access; location and proximity to amenities; topography; vegetation and the overall development potential.

Our valuation has been undertaken on a GST exclusive basis.

Valuation Analysis and Assumptions

The following criteria has been adopted:

i. We have adopted a Market Value and Fair Value range on a GFA basis in line with available market evidence.

ii. Our valuation has been undertaken on a GST exclusive basis.

iii. Our assessed values support the purchase price for the respective Lots. Please refer to The Valuations for a summary of the Contracts of Sale.

iv. The adopted values have not been tested by a feasibility, the completion of which might produce a different value. We recommend obtaining updated advice in the event of any development approval being obtained and construction cost estimates, confirmed by a Quantity Surveyor has been prepared.

Please refer to The Valuations for commentary on market conditions including analysis of the most recent sale transactions.

Home Consortium Limited
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Material Assumptions

Material assumptions are contained within The Valuations. This Summary Letter should be read in conjunction with The Valuations and we cannot fully summarise all matters discussed in The Valuations within this Summary Letter. That said, some of the primary matters that could affect the valuations are noted below, however we caution that such matters are not limited to the following:

- We have made no allowances for site remediation works within The Valuations. We assume the Properties are contamination free and no remediation works are required. We would recommend an Environment Site Assessment Report be obtained from a qualified expert prior to any decision making.

Information Sources

The Valuations have been reached after reviewing the information provided. The information reviewed and supplied includes, although is not limited to, the following:

- Signed Contract for the Sale and Purchase of Land for the following assets:
  - Lot 6 ("Camden Stage 2");
  - Lot 7 ("Camden Stage 3"); and
  - Lots 832/833 ("Camden Stage 1").
- Title Searches.
- Deposited Plans.
- Section 88B Documents.
- Land Tax Certificates.

10. Summary of Valuation Reports (continued)

Colliers

Qualifications and Warnings

(i) The Valuations have been prepared for Home Consortium Limited (HomeCo) only and for the specific purposes outlined within The Valuations and cannot be relied upon by third parties.

(ii) In the event that Home Consortium Limited (HomeCo) is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the Properties, CIVAS (NSW) Pty Limited does not extend reliance authority for The Valuations to any party beyond the Responsible Entity and does not extend reliance authority for The Valuations to any third parties which may have an interest in such an investment vehicle.

(iii) CIVAS (NSW) Pty Limited has prepared this Summary Letter which appears in the PDS. CIVAS (NSW) Pty Limited was involved only in the preparation of this Summary Letter and The Valuations referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the PDS, other than in respect of The Valuations and this Summary Letter.

(iv) Whilst the Summary Letter is a summary of The Valuations as at the Date of Valuation, it has not been prepared for the purpose of assessing the property as an investment opportunity. Furthermore, we caution that we cannot fully detail in this Summary Letter all matters discussed within The Valuations.

(v) CIVAS (NSW) Pty Limited has not been involved in the preparation of the PDS nor have The Valuations had regard to the other material contained in the PDS. The Valuations and report content do not take into account any matters concerning the investment opportunity contained in the PDS.

(vi) Neither CIVAS (NSW) Pty Limited nor any of its Directors makes any representation or recommendation in relation to The Valuations, the investment opportunity contained in the PDS and the PDS itself nor accepts responsibility for any information or representation made in the PDS.

(vii) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS.

(viii) CIVAS (NSW) Pty Limited is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. CIVAS (NSW) Pty Limited does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the Properties detailed in The Valuations.

Liability Disclaimer

In the case of advice provided in this Summary Letter and The Valuations which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in this Summary Letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where The Valuations are relied upon after the expiration of 90 days from the date of this letter, or such earlier date if you become aware of any factors that have any effect on The Valuations.

Home Consortium Limited
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Valuation Experience and Interest

We confirm that the Nominated Valuer has in excess of five (5) years continuous experience in the valuation of property of similar type and qualified to practice as a valuer in NSW. We therefore specifically state, the Nominated Valuer:

a) is suitably qualified to carry out such valuations and have at least five years appropriate experience;
b) is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;
c) has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and
d) accepts instructions to value the property only from the Trustee / Responsible Entity.

Further, we confirm that the Valuer does not have a pecuniary interest that could conflict with the proper valuation of the Properties, and we advise that this position will be maintained until at least 90 days from the Date of Valuation.

Yours sincerely,

CIVAS (NSW) Pty Limited

Leon Hadchiti, AAPI MRICS
National Director | Healthcare & Retirement Living
Certified Practising Valuer

Report Verification: Andrew Collins – Head of Business Operations & Risk Management, Valuation & Advisory Services **QA ID:** 8760248

This valuation and the associated report have undergone verification in accordance with the Colliers International Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.

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10. Summary of Valuation Reports (continued)

Colliers International Valuation & Advisory Services Terms and Conditions

IT IS AGREED AS FOLLOWS:

1. **DEFINITIONS**
   (i) **'Confidential information'** means information that:
   (a) Is by its nature confidential;
   (b) Is designated by Us as confidential;
   (c) You know or ought to know is confidential;
   (d) and includes, without limitation:
   (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
   (ii) The Quotation annexed hereto.
   (ii) **'Currency Date'** means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
   (iii) **'Fee'** means the amount agreed to be paid for the Services as set out in the Quotation.
   (iv) **'Party'** means You or Us and Parties means You and Us.
   (v) **'Quotation'** means the written quote provided by Us in relation to the Services.
   (vi) **'Services'** means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
   (vii) **'Services Validity Period'** means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
   (viii) **'We', 'Us', 'Our'** means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586) or CIVAS (QLD) Pty Limited (ABN 87168282522).
   (ix) **'You', 'Your'** means the entity engaging Us to perform the Services as set out in the Quotation.

2. **PERFORMANCE OF SERVICES**
   2.1. We will provide the Services in accordance with:
   (a) The Terms & Conditions contained herein; and
   (b) The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.

3. **CONDITION OF THE PROPERTY**
   3.1. In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
   3.2. We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
   3.3. We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
   3.4. We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
   3.5. No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. **ENVIRONMENT AND PLANNING**
   4.1. We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
   4.2. State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

5. **BUILDING AREAS AND LETTABLE AREAS**
   5.1. Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
   5.2. If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
   5.3. Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

6. **OTHER ASSUMPTIONS**
   6.1. Unless otherwise notified by You, We will assume:
   (a) there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
   (b) all licences and permits can be renewed and We will not make any enquiries in this regard.
   6.2. Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.

7. **VALUATION FOR FIRST MORTGAGE SECURITY**
   7.1. Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
   7.2. Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

8. **ASSIGNMENT OF VALUATION**
   8.1. We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
   (a) the proposed assignee is not a major recognised lending institution (such as a major bank);
   (b) the assignment is sought in excess of 90 days after the date of valuation;
   (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
   (d) the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
   (e) Our Fee has not been paid in full.
   8.2. Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.

Colliers International Valuation & Advisory Services Terms and Conditions

8.3. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

8.4. Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.

8.5. Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.

8.6. Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.

9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES

9.1. Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:

(a) The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

9.2. No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.

10. CURRENCY OF VALUATION

10.1. Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.

10.2. Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.

10.3. Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:

(a) after the expiry of the Services Validity Period;

(b) where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.

11. MARKET PROJECTIONS

11.1. Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

11.2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

11.3. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

12. INSURANCE REPLACEMENT COST ESTIMATE

12.1. Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.

13. DEVELOPMENT VALUATIONS

13.1. Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.

13.2. The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.

13.3. Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.

13.4. We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.

14. INVOICING AND PAYMENT

14.1. Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being readdressed. Further fees may be required. Payment due dates will not change.

14.2. Where You request draft advice, You agree that We are authorised to invoice the full amount of the agreed fee on delivery of the draft.

14.3. In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for 50% of Our Fees.

14.4. Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at $400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.

14.5. You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.

10. Summary of Valuation Reports (continued)

Colliers International Valuation & Advisory Services Terms and Conditions

15. YOUR OBLIGATIONS

15.1. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

15.2. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

15.3. You authorise and licence us to incorporate Your intellectual property within our report(s).

15.4. You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.

15.5. You must advise reliant parties named in Your instruction to Us of the Services Validity Period.

15.6. You will not rely on any preliminary or draft advice. Our advice cannot be relied upon unless it is in Final form.

15.7. If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.

15.8. We reserve the right to reconsider or amend the valuation or advisory services, or the Fee set out in our Quotation to You if:

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value or the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in clause 3 materially affect or may alter the value of the property the subject of the Services.

16. CONFIDENTIALITY

16.1. You must not disclose or make any of the Confidential Information available to another person without Our written consent.

16.2. If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

17. PRIVACY

17.1. We may obtain personal information about You in the course of performing Our Services. We respect Your privacy. The Privacy Act 1998 (Cth) requires Us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

18. SUBCONTRACTING

18.1. We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

19. LIABILITY

19.1. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.

19.2. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.

19.3. Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to $100,000 or a multiple of five times our Fee, whichever is the lower.

19.4. For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

20. ENTIRE AGREEMENT

20.1. No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

20.2. If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

21. GOVERNING LAW

21.1. These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.

27 July 2021

Mr William McMicking
Chief Financial Officer
Home Consortium Limited
PO Box 19
Double Bay NSW 2028

Dear Mr McMicking

Re: Valuations:
Monarc Health & Early Learning Centre, 455 South Pine Road, Everton Park, Queensland ("Everton Park")
Proxima Development, Hill Street, Southport, Queensland ("Proxima")
Morayfield Health Hub, 19-31 Dickson Road, Morayfield, Queensland ("MHH")

Instructions

We refer to instructions issued by Home Consortium Limited ("HomeCo") dated 15 July 2021 requesting Valuations Services (Qld) Pty Ltd, trading as Knight Frank Valuation & Advisory Queensland and Knight Frank Health and Aged Care Queensland ("KFVAQ") to prepare a market valuation of the 100% Freehold interest in the above-mentioned properties, subject to existing leases, on the various bases of valuation outlined in our Valuation Reports, for Financial Reporting purposes as at 31 August 2021.

We provide this summary of our valuations for inclusion in the Product Disclosure Statement ("PDS") associated with the HealthCo Healthcare & Wellness REIT. This summary provides an outline of the key factors which have been considered in arriving at our opinions of value. For further information, reference should also be made to our Valuation Reports dated 31 August 2021 (issued in mid-July 2021). We refer the reader to HomeCo to obtain copies of our Valuation Reports. The Valuation Reports draw attention to the key issues and considerations impacting value and provide detailed assessments and analysis in addition to key critical conditions, assumptions, disclaimers, limitations, qualifications and recommendations. This correspondence is subject to and should be read and considered in conjunction with the Valuation Reports.

We note that the valuations are current as at the date of valuation only. Our valuations and this summary are conditional upon there being no event between the date of issue of our Valuation Reports, the date of this correspondence and the date of valuation which would materially impact on the value of the properties. Any party considering this summary should satisfy themselves in this regard.

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Level 3, 12 Creek Street, Brisbane Qld 4000 GPO Box 146, Brisbane Qld 4001

www.knightfrank.com.au

10. Summary of Valuation Reports (continued)

Home Consortium Limited
27 July 2021

COVID-19 Note

- In the specific case of these valuations there are a limited number of post March 2020 transactions that provide a guide to appropriate market and valuation parameters for the properties at the date of valuation. As such there is less uncertainty than would be the case if there were no transactions (as is the case for some other valuations). However there remains uncertainty in relation to prevailing conditions and the limited number of recent sales are not considered to be a weight of definitive market evidence. As such Significant Valuation Uncertainty exists, but in this instance is less pronounced compared to situations where there is no comparable post COVID-19 market evidence.
- In addition to Significant Valuation Uncertainty there is currently an increased level of market risk as the forward effects of COVID-19 remain a risk to all property markets. This arises from potential structural or societal changes, new COVID-19 variants and new waves of infections countered by lockdowns. Further, there has been a very significant trend of capital flowing to property through the COVID-19 period, with this trend exacerbated by prevailing low interest rates. We consider a heightened element of market risk is apparent in that current transactions may not be properly pricing the future risk to capital values bought about by COVID-19. Any valuation assessment in this market is subject to a heightened level of forward market volatility/market risk compared to the pre COVID-19 era.
- Yield softening across the property sector can be triggered by a sustained increase in the cost of capital (including interest rates), unless that rising cost is accompanied by inflation driven by economic growth. At present central banks are maintaining historically low interest rates to support economic recovery notwithstanding benchmark yields in the fixed income markets moved significantly higher during Q1 2021.
- There remain latent risks to the Australian economy from external factors such as the COVID-19 waves locally and overseas and the movements of the US and Chinese economies.
- The valuations are current at the date of valuation only. The timing and extent of market movements is impossible to accurately predict and we do not attempt to do so. The values assessed may change significantly and unexpectedly over a relatively short period as a result of general market movements, or factors specific to the particular properties as identified in the Valuation Reports. Losses resulting from such movement in value subsequent to the date of valuation are not foreseeable and we do not accept any duty to protect your financial interests against such movements in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this value is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Information

In formulating our valuations, we have relied upon various property-related and financial information provided to us. Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, we have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, our enquiries are necessarily limited by the nature of our role and we do not warrant that we have identified or verified all of the matters which a full audit, extensive examination or “due diligence” investigation might disclose.

We have assumed there are no existing mortgages or other financial liens pertaining to the properties in undertaking our assessments.

Brief Description of the Properties

Everton Park

A newly constructed 3-storey plus basement car-parking medical and child care centre building, providing a total lettable area in its current configuration of approximately 2,923m². In its current configuration, the building provides a total internal lettable area of 2,035m² and an external lettable area of 888m². The building provides parking for 70 vehicles across 2 basement car parking levels.

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Proxima "As if Complete"

On completion, the development is proposed to comprise an 8-level commercial building with a Net Lettable Area of 10,432m² and parking for 142 vehicles within additional basement & lower ground levels. The building is to be of a high standard, with construction primarily comprising concrete column and beam construction, with a glazed, aluminium framed facade.

MHH

A former BBC Hardware/Bunnings Warehouse retail/showroom and warehouse, having been redeveloped into a medical centre in 2017. The building comprises 3 levels, with a central core layout, providing a combination of professional offices, medical and retail tenancies, with a total Net Lettable Area of 13,162m². Parking is available for approximately 308 vehicles at grade and under cover around the perimeter of the building.

Basis of Valuation

Market Value, as defined by the International Valuation Standards Committee in IVS 2020 and endorsed by the Australian Property Institute ("API") and embodied within the current Corporations Law, is as follows:

> *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Valuation Uncertainty is defined by the API, as:

> *"The possibility that the Valuer's professional opinion as to the Market Value of the asset may differ from the price that could be achieved in a transfer of the asset as at the valuation date, assuming all other market conditions and variables remain constant.*
> *There are three broad categories of Valuation Uncertainty: Market Uncertainty, Model Uncertainty and Input Uncertainty."*

Value **"As If Complete"** is defined by the API as:

> *"The Value As If Complete assessed herein is the Market Value of the proposed improvements, as detailed herein, on the assumption that all construction had been satisfactorily completed in all respects as at the date of valuation. The valuation reflects the valuer's view of the market conditions existing as at the date of valuation and does not purport to predict the market conditions and the value at the actual completion of the improvements because of time lag."*

"As Is" Project Related Site Assessment is defined as:

> *"The value of the site in relation to a particular project intended for the land being an amount which depends entirely upon the success of the project as forecast in the analysis. The Project Related Site Assessment does not represent the value of the land in isolation, but rather an assessment concluded the way of a hypothetical development cash flow analysis in relation to the particular project proposed."*

10. Summary of Valuation Reports (continued)

Home Consortium Limited
27 July 2021

Valuation Methodology

The valuations have been determined adopting the Capitalisation of Net Market Income ("Capitalisation"), Discounted Cash Flow ("DCF") and "As Is" Project Related Site Assessment ("PRSA") methods of valuation.

Under the Capitalisation approach, the assessed net face market income as at the date of valuation is capitalised at an appropriate market rate to establish the Property's Market Value, fully leased. Appropriate adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the Property.

The DCF approach incorporates the estimation of future annual cash flows over a 10 year investment horizon from the valuation date by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The Net Present Value of future cash flows is then determined by the application of an appropriate discount rate (target IRR) to derive the value of the property as at the valuation date.

The PRSA method of valuation determines the price that a hypothetical purchaser could pay for the site after deducting all development costs (including site acquisition costs, project contingencies, project development costs, land holding costs, selling/marketing costs and financing charges) from the assessed Gross Realisation whilst allowing a margin for profit and return for risk in undertaking the project.

Valuation Assumptions

Material assumptions adopted in undertaking the valuations include, but are not limited to, the following:

Property	Capitalisation Rate (%)	Discount Rate (%)
Everton Park	5.00	6.00
Proxima "As if Complete"	5.50	6.00
MHH	5.38	5.75

Valuation Results

We have assessed the Market Value of the 100% Freehold interest in the properties, based on the available evidence and subject to existing leases and the various conditions and qualifications outlined in our Valuation Reports, for Financial Reporting purposes as at 31 August 2021, as follows:

Property	Market Value ($ excl. GST)	Core Market Yield (%)	10 Year IRR (%)	Value Rate ($/m² Lettable Area)
Everton Park	20,250,000	4.91	5.81	6,928
Proxima "As if Complete"	81,000,000	5.53	5.94	7,765
Proxima "As Is"*	10,000,000	-	-	-
MHH	110,000,000	5.26	5.89	8,357

** Project Related Site Assessment*

Qualifications & Disclaimers

- KFVAQ has prepared this summary which appears in this PDS for HomeCo in relation to the HealthCo Healthcare & Wellness REIT. KFVAQ was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaims liability to any party in the event of any omission from, or false or misleading statement included in the PDS or other document, other than in respect of our valuation and this letter. The Valuation Reports and this summary letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise to any other matter in the PDS.

Home Consortium Limited
27 July 2021

- KFVAQ has consented to this summary being included in this PDS, but KFVAQ is not providing advice about a financial product, nor the suitability of the investment set out in this PDS. Such an opinion can only be provided by a person that holds an Australian Financial Services Licence. KFVAQ does not hold such a licence and is not operating under any such licence in providing its opinion of value as detailed in this summary and our Valuation Reports.
- References to the values and other matters contained within this summary letter have been extracted from our Valuation Reports. The Valuation Reports draw attention to the key issues and considerations impacting value and provide a detailed assessment and analysis in addition to key critical conditions, assumptions, disclaimers, limitations, qualifications and recommendations. We recommend that this summary letter must be read and considered in conjunction with the Valuation Reports.
- In the case of information contained within the valuations, which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market perceptions. It follows that any one of the assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted in this event and regular update valuations should be obtained to determine the effect on value associated with any movements in the market. Any forecasts, including but not limited to, financial cash flow projections or terminal value calculations noted within our Valuation Reports or this summary are a valuation tool only undertaken for the purpose of assisting to determine market value. No party may rely upon any financial projections or forecasts within this summary or the Valuation Reports on the understanding that they are undertaken for the specific purpose of determining market value only and therefore should not be represented in any way as providing an indication of likely future profit or realisable cash flow.
- The valuations are current at the date of valuation only. The values assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.
- Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where the valuations are relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
- KFVAQ has prepared this letter based upon information provided to us. We have no reason to believe that the information is not fair and reasonable or that material facts have been withheld and the valuations are conditional upon this information being correct.
- The valuations do not purport to be a site or structural survey of the improvements, nor was any such survey undertaken. Our valuations are conditional upon any detailed reports with respect to the structure and service installation of the improvements not revealing any defects or inadequacies requiring significant capital expenditure.
- KFVAQ has received fees in connection with the preparation of our valuations and this summary. The fees are not in any way linked to nor have they influenced the opinion of value noted. KFVAQ does not have any pecuniary interest in HomeCo or its related entities which would affect its capacity to provide an unbiased assessment and has provided this report solely in its capacity as independent, professional advisor.
- Liability limited by a scheme approved under Professional Standards Legislation.

Yours faithfully
Knight Frank Health and Aged Care Queensland

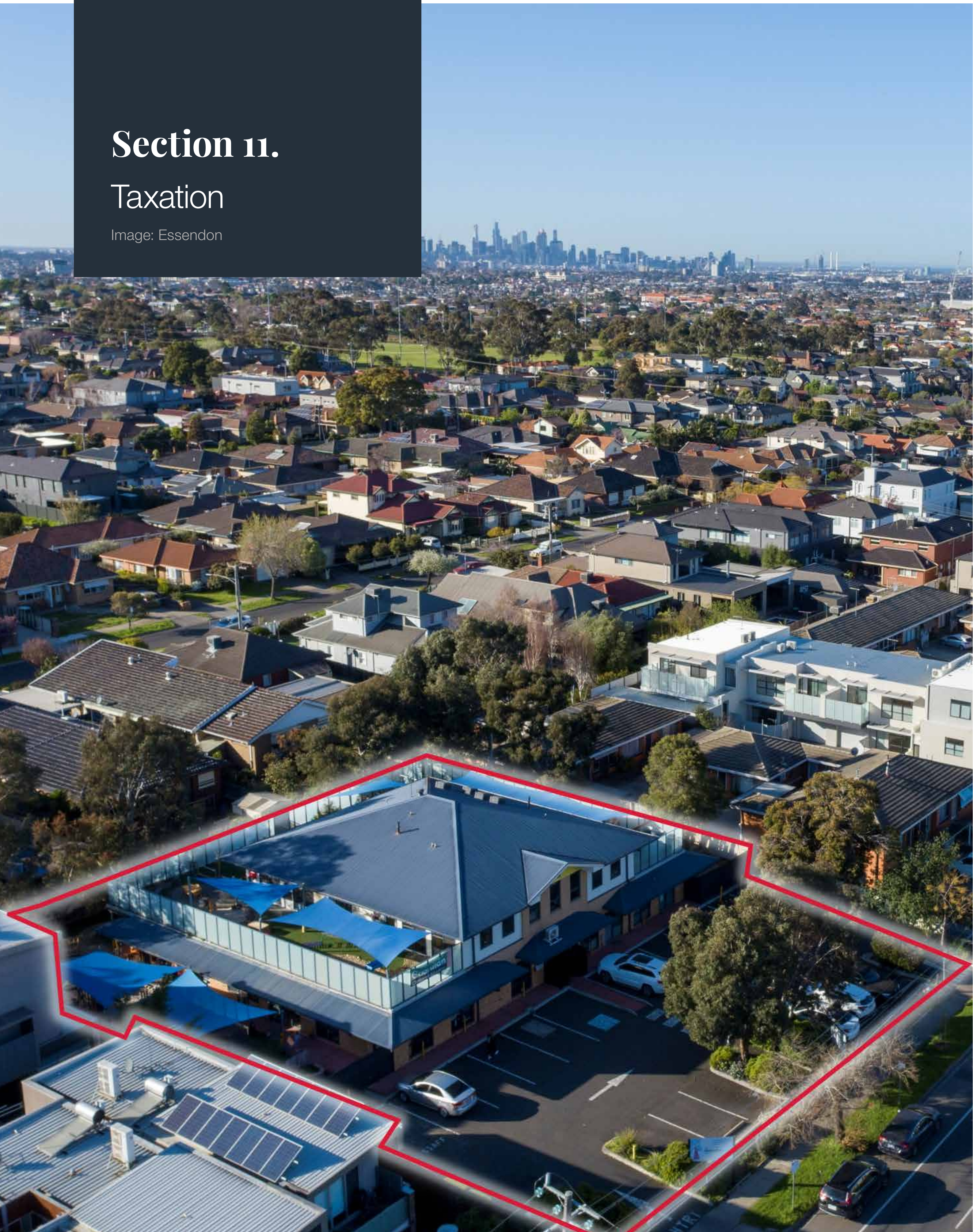
PETER ZISCHKE
Partner, Valuation & Advisory, QLD

RICHARD NASH
Partner, Valuation & Advisory, QLD

Section 11.

Taxation

Image: Essendon



11. Taxation

The following is a general summary of the Australian income tax, GST and stamp duty implications arising for Unitholders as a result of acquiring Units under the Offer. As this summary is necessarily general in nature, Unitholders should consult with their professional tax advisor regarding their particular circumstances.

This tax summary only addresses the position of Unitholders who are residents and non-residents of Australia for income tax purposes and hold their Units on capital account.

This tax summary does not address the Australian tax consequences for Unitholders who:

- hold their Units on revenue account or as trading stock;
- are subject to the Taxation of Financial Arrangement provisions (Division 230 of the *Income Tax Assessment Act 1997* (Cth)) in relation to gains and losses in respect of their Units; or
- are non-residents of Australia who hold their Units in carrying on a business at or through a permanent establishment in Australia.

This tax summary does not address any tax consequences of the Offer arising under the laws of jurisdictions other than Australia. This summary is based on Australian tax law and relevant regulations, rulings or judicial or administrative interpretations of such tax laws as at the date of this PDS.

11.1. Tax consequences of acquiring Units under the Offer

The Units will be capital gains tax (**CGT**) assets for tax purposes.

The initial cost base of a Unit acquired under the Offer will include the Offer Price paid to acquire the Unit, plus certain incidental costs of acquisition (if any) that are not otherwise deductible to the Unitholder. The reduced cost base of a Unit will be similarly determined.

11.2. Taxation of HealthCo REIT

HealthCo REIT intends to elect into the Attribution Managed Investment Trust (**AMIT**) regime. Accordingly, this summary has been prepared on the basis that HealthCo REIT is an AMIT.

As an AMIT, HealthCo REIT will be required to determine its 'determined trust components' each income year, which broadly reflect the taxable income of HealthCo REIT split into various classes of income for tax purposes. These components are then 'attributed' to the Unitholders.

The Responsible Entity is not subject to tax in respect of the income and gains derived by HealthCo REIT provided the Responsible Entity attributes (in full) the 'determined trust components' of HealthCo REIT to Unitholders within three months of the end of each income year and the Responsible Entity limits HealthCo's activities to undertaking, or controlling entities that undertake, 'eligible investment business' for Australian taxation purposes.

It is intended that HealthCo REIT will be administered such that all of HealthCo REIT's 'determined trust components' in each income year will be attributed to Unitholders and HealthCo REIT undertakes only 'eligible investment business'. On this basis, HealthCo REIT should not have any liability for Australian income tax (other than non-resident withholding tax).

11.3. Taxation of distributions

Distributions to Unitholders may comprise taxable, capital gain and non-assessable components. The Australian tax treatment of those components depends upon whether the Unitholder is an Australian resident or non-resident.

11.3.1. Australian resident Unitholders

Taxable component

An Australian resident Unitholder will include in their assessable income the taxable component of a distribution in the income year to which the distribution relates (i.e. the income year in which HealthCo REIT derives and attributes the income, not when the distribution is physically received by the Unitholder). Tax is levied on the taxable component at the Unitholder's marginal tax rate.

If the taxable component of a distribution includes a franked dividend, Unitholders should be entitled to a tax offset equal to the amount of the associated franking credit, provided certain requirements are met.

11. Taxation (continued)

Capital gain component

To the extent that a net capital gain is included in HealthCo REIT's taxable income, the Australian resident Unitholder should be regarded as having derived a capital gain equal to the Unitholder's attributed share of such net capital gain. Where the attributed capital gain includes a discount capital gain component, the Unitholder is required to 'gross up' the amount of the capital gain included in their assessable income by the discount applied by HealthCo REIT (i.e. 50%). Australian resident Unitholders can then apply any available capital losses against the capital gain and then apply their own CGT discount factor, if applicable.

In the case of a Unitholder that is an individual or a trust, the CGT discount is 50% and in the case of a complying superannuation entity, the CGT discount is 33.33%. Companies are not entitled to a CGT discount on capital gains.

For completeness, it is noted that the Australian Government has proposed that AMITs will no longer be able to apply the CGT discount method at the trust level. If the proposed change is legislated, HealthCo REIT should still identify any CGT gains eligible for discount, so that Unitholders can calculate their CGT discount on any discountable capital gains attributed to them by HealthCo REIT. The change will apply from the income year commencing on or after three months following the date of Royal Assent of the enabling legislation. While it is not certain when this change will come into effect, the Australian Government has indicated that is it committed to legislating this measure.

Non-assessable component

In broad terms, the non-assessable component (i.e. tax deferred component) represents the excess of the income distributed by HealthCo REIT over the taxable component and capital gain component of that distribution. Non-assessable amounts received by an Australian resident Unitholder will generally not be included in that Unitholder's assessable income.

CGT cost base adjustments

The CGT cost base of a Unitholder's units in HealthCo REIT will be increased by the amount of the taxable component and capital gain component (grossed up to reflect the capital gains tax discount concession) and reduced by the gross amount distributed to the Unitholder and the Unitholder's share of any tax offsets (including franking credits). If the cost base of a Unit is reduced to nil, any subsequent amount distributed to a Unitholder in excess of the taxable component and CGT gain component will be taxable on receipt as a capital gain.

Eligible Australian resident Unitholders who are individuals, trustees or complying superannuation entities may be entitled to apply the applicable CGT discount factor to reduce any such capital gain (after the application of any capital losses).

11.3.2. Non-resident Unitholders

Taxable component – Dividends and Interest

Unfranked dividends and interest income included in a distribution to a non-resident will be subject to withholding tax which is generally imposed at a rate of 30 per cent for unfranked dividends and 10 per cent for interest. This is a final withholding tax. Franked dividends distributed by HealthCo REIT are not subject to withholding tax.

Non-resident Unitholders that are residents of a country that has concluded a double tax agreement with Australia may be entitled to a lower rate of withholding tax on such amounts.

Taxable component – Other Income

Distributions from HealthCo REIT of income other than dividends and interest should be subject to Managed Investment Trust (**MIT**) withholding tax.

The Responsible Entity will withhold MIT withholding tax from such distributions to the extent they represent taxable income of HealthCo REIT. However, taxable income of HealthCo REIT that is non-Australian sourced income or capital gains on assets that are not 'taxable Australian property' ('taxable Australian property' mainly includes direct and indirect interests in land situated in Australia) will not be subject to MIT withholding tax.

In calculating the taxable income of HealthCo REIT for MIT withholding tax purposes, HealthCo REIT will be required to include the full amount of any capital gains HealthCo REIT derives from the disposal of 'taxable Australian property' (i.e. HealthCo REIT must disregard the availability of the discount capital gains tax concession).

The MIT withholding tax rate will depend on the country in which the relevant non-resident Unitholder is a resident. For residents of countries with which Australia has an 'effective exchange of information on tax matters' and which have been specified in the legislation for these purposes, the rate will normally be 15%. For residents of other countries, the MIT withholding tax rate will be 30%.

Non-assessable component

The remainder of distributions to non-resident Unitholders will comprise the non-assessable component. This portion of a distribution is generally not immediately taxable in a Unitholder's hands.

A non-resident Unitholder's CGT cost base will be increased by the amount of the taxable component (including any grossed up CGT concession amount) and reduced by the amount distributed to the Unitholder and the Unitholder's share of any tax offsets (excluding franking credits).

Where a non-resident Unitholder holds a Unit which is "taxable Australian property" (see Section 11.4.2 below) and the CGT cost base of the Unit has been reduced to nil, any amount distributed to that non-resident Unitholder in excess of the taxable component and capital gain component will give rise to an immediate capital gain to the Unitholder. The CGT discount is not available for non-resident Unitholders.

11.4. Disposal of Units

11.4.1. Australian Residents

Upon disposal of a Unit, a Unitholder will make a capital gain if the capital proceeds for the disposal exceed the cost base of the Unit. A Unitholder should make a capital loss if the capital proceeds are less than the reduced cost base of the Unit.

Individuals, complying superannuation entities or trustees that have held their Units for at least 12 months may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their Units by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33.33% for complying superannuation entities.

The CGT discount will not be available to a Unitholder that is a company.

11.4.2. Non-Residents

For Unitholders who are not Australian tax residents, the disposal of their Units should not be subject to CGT unless the Units are "taxable Australian property".

A Unit should generally only be taxable Australian property for a non-resident Unitholder where:

- just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time, the Unitholder, either alone or together with their associates, hold a 10% or greater interest in HealthCo REIT and more than 50% of the value of HealthCo REIT is attributable to Australian real property; or
- the Unitholder is an individual who made an election to disregard a CGT event I1 capital gain or capital loss in respect of their Units when they ceased to be an Australian tax resident.

For Units disposed of otherwise than on the ASX, non-resident Unitholders may be subject to foreign resident CGT withholding tax of 12.5% on the disposal of their Units if the Units are "taxable Australian property".

11.5. Other matters

11.5.1. TFN and ABN

A Unitholder is not obliged to quote a TFN, or where relevant, ABN, to HealthCo REIT.

However, if an Australian resident Unitholder does not provide their TFN, ABN or details of their exemption from having to provide a TFN or ABN to HealthCo REIT, tax may be withheld (currently at a rate of 47%) on all or part of the distributions paid by HealthCo REIT. However, Unitholders are entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

11. Taxation (continued)

11.5.2. GST

No GST should be payable in respect of the acquisition of New Units pursuant to the Offer.

There may be an indirect GST cost for Unitholders on costs they incur on any supplies related to the acquisition of Units under the Offer, as full input tax credits will generally not be available for GST incurred in respect of supplies relating to the dealings with these Units (e.g. legal and other adviser fees). This will depend on the circumstances of the particular Unitholder.

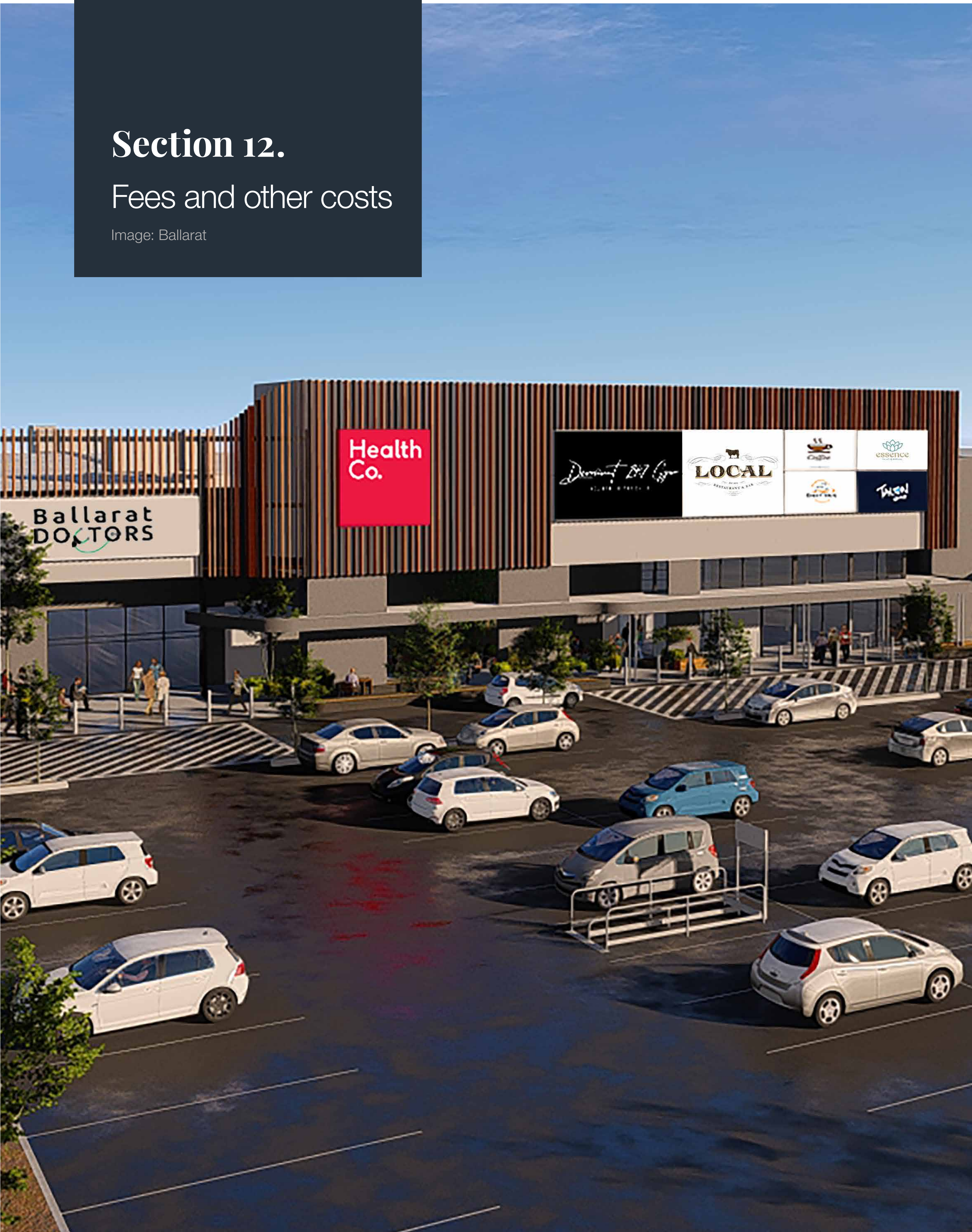
11.5.3. Stamp duty

No stamp duty should be payable in respect of acquisitions of New Units pursuant to the Offer. This is provided that the HealthCo REIT is admitted to the ASX and all of the Units of the HealthCo REIT are quoted on the ASX at all relevant times (including for example the dates of issue, purchase or transfer of the Unit or agreement for such purchase or transfer) and provided that no person, either alone or with associated persons, acquires a 90% or greater interest in the Units in the HealthCo REIT.

Section 12.

Fees and other costs

Image: Ballarat



12. Fees and other costs

CONSUMER ADVISORY WARNING

The Corporations Act requires the Responsible Entity to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across all product disclosure statements and is not specific to information on fees and costs in the REIT.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

12.1. Fees and other costs

The following table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the REIT as a whole.

Information on Taxes is set out in Section 11.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Unless otherwise stated, all fees are quoted inclusive of GST, less a full input tax credit or reduced input tax credit, as applicable.

TYPE OF FEE OR COST[1]	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund		
Establishment fee The fee to open your investment	Not applicable	Not applicable
Contribution fee The fee on each amount contributed to your investment	Not applicable	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Not applicable	Not applicable
Exit fee The fee to close your investment	Not applicable	Not applicable

TYPE OF FEE OR COST[1]	AMOUNT	HOW AND WHEN PAID
Management costs[2]		
The fees and costs for managing your investment	Estimated at 0.88% per annum of Gross Asset Value (**GAV**) up to and including $1.50 billion, and 0.77% per annum of GAV on GAV in excess of $1.5 billion. This comprises of: • the investment management fee of 0.715% per annum of GAV up to and including $1.50 billion, and 0.605% per annum of GAV on GAV in excess of $1.50 billion; and • the other costs and expenses of managing and administering the REIT estimated to be 0.165% per annum of GAV.[2,3,4]	The investment management fee is payable from the assets of the REIT monthly in arrears. Costs and expenses are paid or reimbursed from the assets of the REIT as and when incurred.[4]
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable

Notes:

1. Fees marked "Not applicable" are not applicable as the Responsible Entity is not entitled to charge such fees.
2. Additional fees may apply in a given year including acquisition fees and disposal fees. See Section 12.5 for further information. Acquisition and disposal fees have been excluded from this calculation, in addition to fees and costs associated with the Offer (see Section 12.3 for further information).
3. Based on FY22 annualised REIT costs and expenses of managing and administering the REIT (excluding the investment management fee) as a percentage of GAV on Completion. This amount is an estimate only based on the expected costs and expenses of managing and administering the REIT (excluding the investment management fee), including the costs and expenses described in Section 12.4.1.This includes amounts that the Property Manager is entitled to be paid or reimbursed (see Section 12.5.2 for further information).
4. This includes expenses that the Responsible Entity, Investment Manager and Property Manager are entitled to be paid or reimbursed relating to the proper performance of their duties as Responsible Entity, Investment Manager or Property Manager.

12. Fees and other costs (continued)

12.2. Example of annual fees and costs

The following table gives an example of how the fees and costs to the REIT can affect your investment over a 1 year period.1

You should use this table to compare this product with other managed investment products. Unless otherwise stated, all amounts are inclusive of GST, less a full input tax credit or reduced input tax credit, as applicable.

EXAMPLE AMOUNT		BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged $0
PLUS management costs	Estimated at 0.88% per annum of Gross Asset Value (**GAV**) up to and including $1.50 billion, and 0.77% per annum of GAV on GAV in excess of $1.5 billion. This comprises of: • the investment management fee of 0.715% per annum of GAV up to and including $1.50 billion, and 0.605% per annum of GAV on GAV in excess of $1.50 billion; and • the other costs and expenses of managing and administering the REIT estimated to be 0.165% per annum of GAV.[1,2,3]	For every $50,000 you have in the REIT, you will be charged $440[1,2,3]
EQUALS costs of the fund	Estimated at 0.88% per annum of GAV[1,2,3]	If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during the year, you would be charged fees of: **$484**[1,2,3,4]

Notes:

1. Additional fees may apply in a given year including acquisition fees and disposal fees. See Section 12.5 for further information. Acquisition and disposal fees have been excluded from this calculation, in addition to fees and costs associated with the Offer (see Section 12.3 for further information).
2. Based on FY22 annualised REIT costs and expenses of managing and administering the REIT (excluding the investment management fee) as a percentage of GAV on Completion. This amount is an estimate only based on the expected costs and expenses of managing and administering the REIT (excluding the investment management fee), including the costs and expenses described in Section 12.4.1.This includes amounts that the Property Manager is entitled to be paid or reimbursed (see Section 12.5.2 for further information).
3. This amount has been estimated based on the REIT's expected GAV at Completion of below $1.50 billion. It applies the full investment management fee of 0.65% (plus GST) per annum of GAV. This is an estimate only and it is likely that the REIT's GAV, and therefore, the amount of the investment management fee payable to the Investment Manager will change over time.
4. It is assumed that you put in the $5,000 at the beginning of the year for the purposes of this calculation.

12.3. Fees and costs associated with the Offer

The following table sets out the fees and costs expected to be incurred in connection with the Offer and the proportion of those fees and costs which the REIT will be responsible for.

12.3.1. Stamp duty costs

Stamp duty is payable on the acquisitions of new assets and the float of the REIT and is estimated to be approximately $22.2 million:

- Victorian stamp duty will be payable on the float of the REIT (i.e. when all of its Units are quoted on the ASX) and is estimated at $0.8 million;
- stamp duty is payable on the Contracted Acquisitions and is estimated at $3.7 million; and
- stamp duty is payable on the remaining acquisitions and is estimated at $17.8 million.

12.3.2. Offer management, stamp duty, transfer duty, advisers', consultants' and other transaction costs

Transaction costs are estimated to be approximately $51 million and include stamp duty relating to the Acquisitions, transfer duty, offer management fees, advisers' and consultants' fees, printing, marketing, property valuation fees and costs associated with establishing a listed entity (such as registry and initial listing fee). These costs will be paid by the REIT from the proceeds of the Offer.

Type of fee or cost (inclusive of GST)	Amount (A$ 000s)
ASX and one-off listing costs	750
Underwriting and other advisor fees	23,320
Debt underwriting	5,000
Stamp duty relating to the Acquisitions	21,482
VIC stamp duty on the Offer	761
Marketing, printing and distribution	100
Total	**51,413**

12.4. Additional explanation of fees and costs

12.4.1. Administration expenses

To the extent permitted by the Corporations Act, the Responsible Entity and the Managers are entitled to recover all costs and expenses incurred in the proper performance of their duties as Responsible Entity and Managers of the REIT, including in relation to:

- the REIT's external advisers, such as the REIT's Auditor, accounting and tax advisers and legal advisers;
- ongoing fees payable to the ASX and ASIC or other regulatory and government authorities;
- fees payable to the Registry;
- fees payable to valuers and other consulting service providers;
- fees payable to the Custodian (refer to Section 13.5 for a description of the fees payable to the Custodian); and
- expenses (including travel), costs (excluding salaries) and disbursements incurred by HomeCo personnel in relation to the management and administration of the REIT and the Portfolio.

12.4.2. Transactional costs and expenses

Transactional costs and expenses, including stamp duty, that may be incurred in connection with the acquisition or disposal of the REIT's assets and other transactions will be paid from the assets of the REIT.

12. Fees and other costs (continued)

12.5. Fees to related parties under other arrangements

Certain fees and expenses will be paid from the assets of the REIT to related parties of the REIT, including pursuant to the Management Agreements and Constitution. See below for further detail on the fees payable under those documents. Certain of these amounts, which are summarised below, are not included in the above tables as "management costs", as they are of a kind that would typically be incurred if investors acquired the relevant Properties directly and not through the REIT.

HomeCo may also earn additional fees in relation to services which the REIT engages it to undertake on an arm's length basis.

12.5.1. Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager is entitled to:

- **Management Fee:** 0.65% (plus GST) per annum of GAV on GAV up to and including $1.50 billion, and 0.55% (plus GST) per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.
- **Acquisition Fee:** 1.00% (plus GST) of the purchase price of any assets directly or indirectly acquired by the REIT in proportion to the REIT's economic interest in the asset;[161] and
- **Disposal Fee:** 0.50% (plus GST) of the sale price of any assets directly or indirectly disposed of by the REIT in proportion to the REIT's economic interest in the asset.

The Investment Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services, including all taxes and amounts it pays to third parties for which it is also separately indemnified, subject to the terms of the Investment Management Agreement.

Refer to Section 13.3.8 for further details on costs and expenses.

12.5.2. Property Management Agreement

Under the Property Management Agreement, the Property Manager is entitled to:

- **Property Management Costs:** 3% (plus GST) of gross income for each property for each month (which is used to cover the costs of third party managers);
- **New Tenant Lease Fee:** 15% (plus GST) of the face rent for the first year of a lease term where the tenant is new to the Property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the REIT);
- **Lease Renewal Fee:** 7.5% (plus GST) of the face rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the Property (any costs associated with an external party to assist with leasing are payable directly by the Property Manager and will not be an additional cost to the REIT);
- **Lease Administration and Design Fees:** charge on a cost recovery basis, unless payable by the tenant; and
- **Development Management Fee:** 5% (plus GST) of development costs in relation to the first $2.5 million of project costs at each project; and 3% (plus GST) of developments costs thereafter.

The Property Manager is also entitled to be paid or reimbursed for all reasonable expenses properly incurred in the performance of the services, subject to the terms of the Property Management Agreement. Refer to Section 13.4.7 for further details on costs and expenses.

161. There will be no acquisition fees payable on properties in the Portfolio acquired from HomeCo.

12.5.3. Responsible Entity Fees

Under the Constitution, the Responsible Entity is entitled to be paid a fee equal to 1% (plus GST) per annum of GAV, but will not be paid this fee while the Managers are receiving the fees under the Management Agreements. This fee will be calculated on a pro-rata basis for any part period.

The Responsible Entity will also be reimbursed for all expenses incurred, including those in connection with the establishment, promotion and operation of the REIT, in properly performing its duties.

The Responsible Entity may elect that it be issued Units in lieu of cash payment of the management fees or reimbursement of expenses incurred in connection with the operation of the REIT. The number of Units to be issued to the Responsible Entity will be based on the amount of management fee to be paid or the expenses to be reimbursed (including any GST) by way of issue of Units, divided by the volume weighted average price of Units for each of the 10 trading days immediately before the management fee is payable or the day on which the expenses are reimbursable. In the event that the Responsible Entity exercised this election, it would cause the Units to be issued to a nominee of the Responsible Entity.

12.6. Fee changes

The Responsible Entity may not increase the fees payable to it as set out in the Constitution without first having varied the Constitution by way of a resolution of Unitholders or by the Responsible Entity executing a deed.

The Investment Manager's or Property Manager's fees may not be amended without the agreement of the Responsible Entity and the Investment Manager or Property Manager (as applicable).

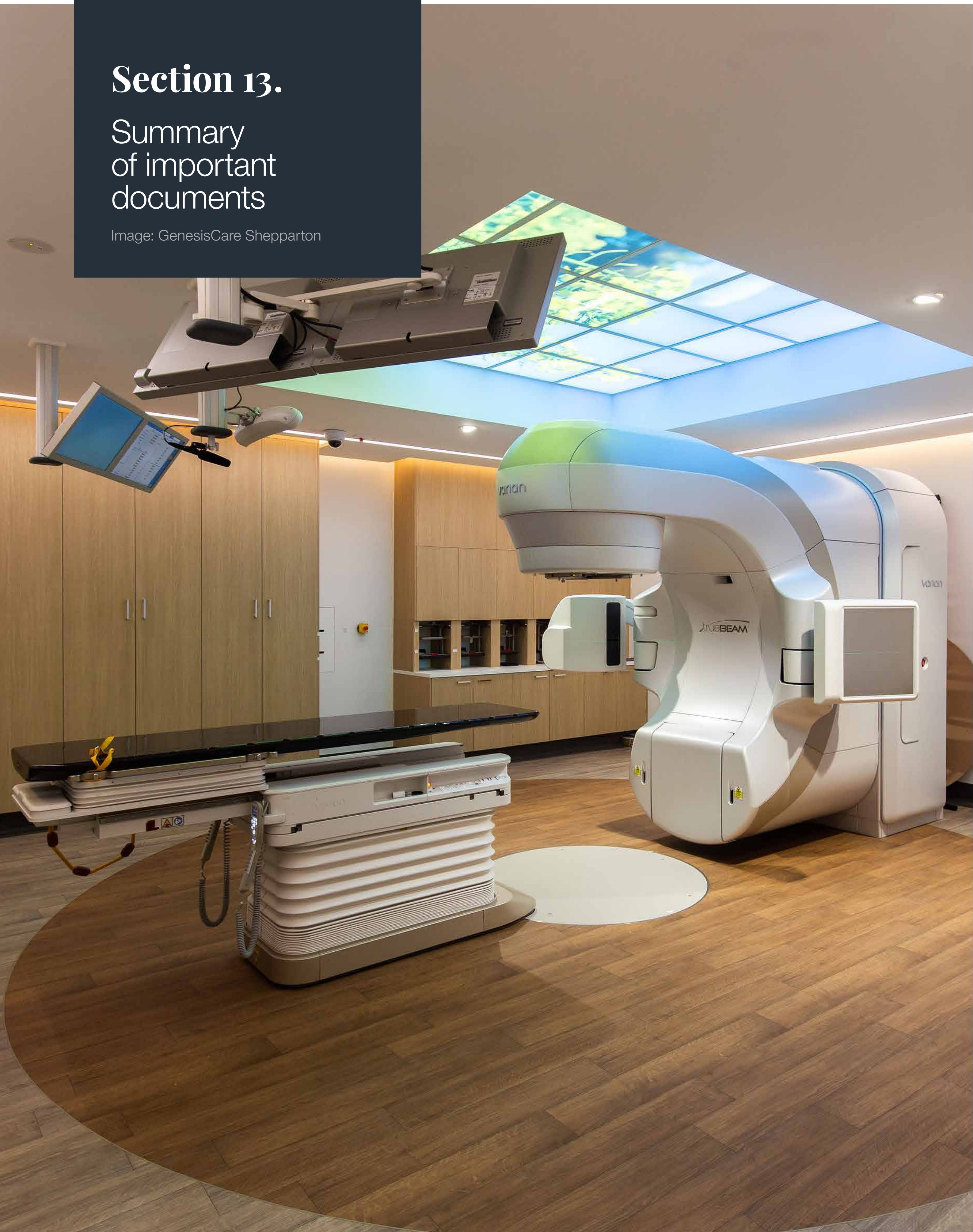
12.7. Taxes

Unless stated otherwise, all fees and costs in this Section 12 are inclusive of GST, less a full input tax credit or reduced input tax credit, as applicable. For additional information in relation to the taxation implications of an investment in the REIT, please see Section 11.

Section 13.

Summary of important documents

Image: GenesisCare Shepparton



13. Summary of important documents

Set out below is a summary of certain material contracts relating to the REIT which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this PDS for the purpose of making an informed assessment of an investment in the REIT under the Offer.

This Section contains a summary of the material contracts and their substantive terms, which are not otherwise disclosed elsewhere in this PDS. Summaries are included for information only, do not purport to be complete and are qualified by the text of the contracts themselves.

13.1. Summary of the Constitution

A general summary of the rights attaching to the Units and other key provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the Constitution, Corporations Act, exemptions and declarations by ASIC, Listing Rules, waivers by ASX and the general law.

13.1.1. Units

The beneficial interest in the REIT is divided into Units. Each fully paid Unit confers an equal undivided interest and a partly paid Unit confers an interest of the same nature which is proportionate according to the amount of the Application price that has been paid on the Unit. A Unit confers an interest in the assets of the REIT as a whole, subject to the liabilities. It does not confer an interest in a particular asset of the REIT. The Responsible Entity may issue options and financial instruments in accordance with the Constitution.

13.1.2. Income and distributions

The Responsible Entity must determine the distributable income of the REIT for each distribution period. Unless the Responsible Entity determines otherwise, distributable income is the amount equal to the greater of:

- the amount calculated in accordance with generally accepted accounting principles as the income of the REIT for the Financial Year (excluding any unrealised amounts such as unrealised asset revaluation amounts);
- the amount equal to the net income of the REIT (as defined in section 95 of the *Income Tax Assessment Act 1936* (Cth)) for the distribution period as reduced by any amounts that are not represented by a net accretion to the trust estate (including, without limitation, franking credits); and
- the amount of $1.

Unless expressly determined otherwise by the Responsible Entity before the end of a Financial Year, the distributable income for that Financial Year shall not in any event be less than the amount that the Responsible Entity must distribute if it is not to be assessable (or liable to pay more Tax than the minimum amount of Tax properly assessable) on any portion of the net income of the REIT (as defined in section 95 of the *Income Tax Assessment Act 1936* (Cth)).

13.1.3. Transfer of Units

If the Units are not officially quoted, transfer must be effected by instruments of transfer that are in accordance with the Constitution and in a manner prescribed by the Responsible Entity. While the Units are officially quoted, Units may be transferred in any manner prescribed by the Responsible Entity subject to the Constitution and the ASX Settlement Operating Rules.

13.1.4. Redemptions and Buy-Backs

While the REIT is not officially quoted, a Unitholder may make a redemption request in respect of some or all of their Units by giving the Responsible Entity notice in writing of the request, or in any manner approved by the Responsible Entity. While the Units are officially quoted but are not stapled, the Responsible Entity may, subject to and in accordance with the Corporations Act (as modified by any applicable ASIC relief) and any requirements under the ASX Settlement Operating Rules, purchase Units and cause the Units to be cancelled. While the Units are officially quoted and stapled, the Responsible Entity may, subject to the Corporations Act and the Listing Rules, purchase Units on ASX or any other financial market on which the trading of Units is permitted, and also off-market.

13. Summary of important documents (continued)

13.1.5. Powers of the Responsible Entity

The Responsible Entity in its capacity as trustee of the REIT has power to:

- invest in, dispose of or otherwise deal with property and rights in its absolute discretion, including the power to invest in a controlled entity and derivatives;
- borrow or raise money whether or not on security of the assets of the REIT (including by granting security interests);
- incur all types of obligations and liabilities including guarantees;
- enter into an arrangement with a person to underwrite the subscription or purchase of Units, options or financial instruments on such terms as the Responsible Entity determines;
- apply for quotation of any Units, options or financial instruments on any exchange where similar instruments are listed and traded; and
- enter into management agreements in respect of the Portfolio.

The Responsible Entity may authorise any person to act as its agent or delegate (in the case of a joint appointment, jointly and severally) to hold title to any asset of the REIT, perform any act or exercise any discretion within the Responsible Entity's power, including the power to appoint in turn its own agent or delegate.

13.1.6. Meetings

The Responsible Entity may at any time convene a meeting of Unitholders and must do so if the Corporations Act or the ASX Operating Rules require.

13.1.7. Limitation of liability and indemnity in favour of the Responsible Entity

Subject to the Corporations Act, whilst the Responsible Entity acts in good faith and in the proper performance of its duties, the Responsible Entity is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the REIT.

Subject to the Corporations Act, the liability of the Responsible Entity to any person other than a Unitholder in respect of the REIT is limited to the amount the Responsible Entity actually receives under its right to be indemnified from the assets of the REIT.

The Responsible Entity is entitled to be indemnified out of the assets of the REIT for any liability incurred by it in properly performing any of its duties in relation to the REIT, or by, to the extent permitted by the Corporations Act, any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

13.1.8. Liability of Unitholders

In the absence of a separate agreement with a Unitholder or creditor, the recourse of the Responsible Entity and any creditor of the REIT against a Unitholder in connection with the REIT is limited to the assets of the REIT. The liability of a Unitholder is limited to the amount, if any, which remains unpaid in relation to the Unitholder's subscription for their Units. However, the Responsible Entity is entitled to be indemnified by a Unitholder or former Unitholder to the extent that the Responsible Entity incurs any liability for tax or costs as a result of the Unitholder's action or inaction, or as a result of an act or omission requested by the Unitholder or former Unitholder.

The Responsible Entity is also entitled to be indemnified by a Unitholder or former Unitholder for any tax payable by the Responsible Entity and any related costs as a result of the operation of the AMIT regime to the extent that the tax reasonably related to the Units held by the Unitholder.

The Responsible Entity may satisfy the amount indemnified in relation to tax or costs by way of a reduction of payments otherwise due from the Responsible Entity to the Unitholder or former Unitholder or by way of a redemption of a number of Units held by the Unitholder as results in a satisfaction of the amount indemnified. A Unitholder need not indemnify the Responsible Entity if there is a deficiency in the assets of the REIT or meet the claim of any creditor of the Responsible Entity in respect of the REIT. However, the effectiveness of these provisions has not been tested in superior courts.

13.1.9. Fees and expenses

The Responsible Entity is entitled to receive a management fee in connection with the provision of the services to the REIT (which will not be paid while the Managers are receiving the fees under the Management Agreements). Details of these fees are set out in Section 12. All expenses incurred by the Responsible Entity including, those in connection with the establishment, promotion and operation of the REIT and the Responsible Entity and its board of directors, in properly performing its duties are payable or can be reimbursed out of the assets of the REIT.

13.1.10. Winding up

On the winding up of the REIT, each Unitholder is entitled to receive an amount of the net proceeds of realisation, after making allowance for all liabilities and expenses of the REIT, proportionate to the number of Units held.

The Responsible Entity may commence winding up of the REIT in accordance with the termination procedure set out in the Constitution on the earlier of:

- the day before 80 years after the REIT is established;
- the date specified by the Responsible Entity as the date of termination of the REIT in a notice given to Unitholders; and
- the date on which the Responsible Entity commences termination or winding up of the REIT in accordance with the Constitution or by law.

13.1.11. Amendment to the Constitution

If the Corporations Act allows, the Constitution may be amended by a resolution passed at a meeting of Unitholders of the REIT or by deed executed by the Responsible Entity. The Responsible Entity has the power to amend the Constitution as the Responsible Entity considers necessary or desirable to facilitate compliance with and the effective operation of the REIT as an AMIT for the purposes of the AMIT regime, and may do so without seeking approval from Unitholders, subject to the Corporations Act as modified by any applicable ASIC relief.

13.2. Compliance Plan

The Compliance Plan of the REIT describes the processes and procedures that the Responsible Entity will use to ensure compliance with its AFSL, the Constitution, the Corporations Act, and relevant industry and internal standards.

Under the Compliance Plan, the Responsible Entity must have, in addition to the Audit and Risk Committee, a compliance personnel who reviews compliance on an ongoing basis, reports on compliance matters to the Responsible Entity and acts on the recommendations of the Board.

13.3. Investment Management Agreement

13.3.1. Management Services

Under the Investment Management Agreement, the Investment Manager has been delegated the day-to-day control over the REIT and its controlled entities (the **Group**) and the Group's portfolio of assets, subject to the supervision and control of the Responsible Entity and the terms of the agreement.

Services to be provided by the Investment Manager to the REIT and its controlled entities (the **Services**) include investment management services with respect to dealings in the Group's assets, management of the equity and debt financing of the Group, day-to-day management of the Group's secretarial, accounting, administrative and reporting, management of auditors, advisers and other consultants, Unitholder relations and meetings, management of all compliance and contractual requirements, including with respect to ASX listing obligations, preparation of an operating plan (including a budget) for the Group for each Financial Year, and other services agreed by the Investment Manager and the Responsible Entity. The Investment Manager is not required to provide any Services to the extent that they would comprise services or activities that would require the Investment Manager to hold an Australian Financial Services Licence or that the Responsible Entity cannot delegate to the Investment Manager under law. The Property Manager will separately provide property management services to the Responsible Entity and the Group under the Property Management Agreement.

The Investment Manager must act in accordance with the requirements of the REIT's investment policy and any applicable legal and other requirements. The Responsible Entity may at any time overrule the Investment Manager to the extent that the Responsible Entity believes doing so is necessary or advisable to comply with any applicable requirement or in the best interests of the Unitholders.

13. Summary of important documents (continued)

The Investment Manager must also seek the approval of the Responsible Entity before incurring any expenditure in excess of 5% of the expenditure which has been agreed by the Responsible Entity in an annual operating plan for the relevant Financial Year, and entering into any contract in the name of the Responsible Entity or any Group member to acquire or dispose of any asset for a consideration in excess of 5% of the consolidated GAV at a valuation time determined by the Responsible Entity in accordance with the Constitution.

13.3.2. Exclusivity

During the term of the Investment Management Agreement, the Responsible Entity must not appoint any other party to perform the Services except where it is necessary to comply with applicable law or regulation, the terms of the REIT's financing arrangements or other applicable requirements, or as otherwise permitted by the Investment Manager. The Investment Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the Investment Management Agreement.

13.3.3. Term and termination

The Investment Management Agreement commences on the PDS Date.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Investment Manager or the Responsible Entity by giving at least 12 months' notice prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement. The compensation amount is however not payable in the event that the Investment Manager gives the required notice that it does not wish to extend the agreement at the end of a term.

13.3.4. Manager's termination rights

The Investment Manager can terminate the Investment Management Agreement:

- at any time on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Investment Manager;
  - the Responsible Entity commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Investment Manager has provided notice to the Responsible Entity of each individual breach within 30 days of becoming aware of the relevant breach);
  - the Responsible Entity is insolvent (and is not replaced by another trustee within 30 days of becoming insolvent);
  - the REIT is insolvent; or
  - without prior written approval of the Investment Manager:
    - » there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity;
    - » there is a change in a person having, or a person gaining, control of more than half of, or half of the voting rights attached to, the Units;
    - » the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group; or
    - » a winding-up of the REIT commences,

    provided that, in each case, notice of termination is provided within 90 days of the Investment Manager becoming aware of the change of control.

Termination by the Investment Manager in these circumstances will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement.

13.3.5. Responsible Entity's termination rights

The Responsible Entity can terminate the Investment Management Agreement:

- on 60 days' notice to the Investment Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis; or
- immediately if:
  - there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity,
  - there is a change in a person having, or a person gaining, control of more than half of, or half of the voting rights attached to, the Units;
  - the Responsible Entity is replaced by a trustee who is not a member of the HomeCo Group; or
  - the winding up the REIT commences,

  provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control; or

  - the Investment Manager ceases to be a member of the HomeCo Group (provided that notice of termination is provided within 90 days of the Responsible Entity becoming aware of the Investment Manager ceasing to be a member of the HomeCo Group),

  and in these circumstances, a compensation amount equal to two years' management fees under the agreement will be payable to the Investment Manager; or
- immediately if:
  - there is a material default of the agreement by the Investment Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
  - the Investment Manager commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Investment Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Investment Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent,

  and in these circumstances, no compensation amount will be payable to the Investment Manager.

13.3.6. Fees

The Investment Manager is entitled to receive a management fee of 0.65% per annum of the GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.

The Investment Manager is also entitled to:

- an acquisition fee of 1.00% of the purchase price of any assets directly or indirectly acquired by the REIT in proportion to the REIT's economic interest in the asset;[162] and
- a disposal fee of 0.50% of the sale price of any assets directly or indirectly disposed of by the REIT in proportion to the REIT's economic interest in the asset.

13.3.7. Units in lieu of Management Fees

The Management Fees described in Section 12 (excluding the acquisition fee and the disposal fee detailed in Section 12.5.1) may be paid to the Investment Manager in cash or Units or a combination (at the election of the Investment Manager). If the Investment Manager elects to receive Units, it may require some or all of the Units to be issued to a nominee of the Investment Manager. The issue of Units is subject to the requirements of the Corporations Act and the Listing Rules.

If the Investment Manager elects to receive Units with respect to some or all of a Management Fee amount (plus any GST payable in respect of that amount), the number of Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the volume weighted average price of the Units during the period of 5 trading days up to the end of the relevant month to which the Management Fee relates.

162. There will be no acquisition fees payable on properties in the Portfolio acquired from HomeCo.

13. Summary of important documents (continued)

13.3.8. Costs and expenses

The Investment Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Investment Manager (whether on its own behalf or on behalf of the Responsible Entity, a Group Member, or the Custodian) other than its own overhead, administrative or salary expenses incurred in the ordinary conduct of its business or expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager or any officer, employee, delegate, agent or contractor of the Investment Manager. The Investment Manager must seek the approval of the Responsible Entity where expenditure would exceed the prescribed thresholds.

If the Investment Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the Responsible Entity (or Group Member or Custodian) that would not customarily be provided by the Investment Manager, the Responsible Entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the Responsible Entity.

13.3.9. Conflicts and use of associates

The Investment Manager must establish protocols for the prevention and management of conflicts.

The Investment Manager may, in connection with the Investment Management Agreement, invest in, deal with or engage the services of the Investment Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Responsible Entity.

13.3.10. Indemnities

The Investment Manager indemnifies the Responsible Entity, the Group and their respective employees, officers, delegates, agents and contractors on demand against any direct expenses reasonably incurred by the aforementioned indemnified parties that arise from the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager.

Subject to the terms of the Investment Management Agreement, the Responsible Entity indemnifies the Investment Manager and its associates on demand against any direct expenses reasonably incurred by the Investment Manager in connection with the provision of the Services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager or its associates.

13.4. Property Management Agreement

13.4.1. Property management services

The Responsible Entity has appointed the Property Manager to act as the property manager of the Properties under the Property Management Agreement.

The Property Manager has been delegated all powers necessary to carry out its obligations under the Property Management Agreement to manage each of the REIT's properties, including each Property, by providing:

- property management services, which include day-to-day management, maintenance, strategic and operational decision making in connection with the properties, preparation of property business plans, budgets and reports, billing and collection of rental and other amounts and managing disbursements, conducting and processing rent reviews, management of leases and other property-related contracts and tenant and regulatory compliance, management of service, repair and maintenance works and tenant improvements, property marketing, leasing and tenant liaison and other services generally performed by a property manager whilst using commercially reasonable efforts to maximise revenues and minimise operating costs; and
- development management services, which include evaluation of the capital potential of properties, preparation of development proposals, management of building and works approvals, management of capital expenditure, implementation and management of capital works, and other services generally performed by a development manager.

The Property Manager will provide the services subject to the supervision and control of the Responsible Entity and the terms of the agreement.

13.4.2. Exclusivity

During the term of the Property Management Agreement, the Responsible Entity must not appoint any other party to perform the services except where it is necessary to comply with applicable law or regulation or other applicable requirements or as otherwise permitted by the Property Manager if the Responsible Entity approves of the appointment.

The Property Manager may appoint other parties to assist with the delivery of all or part of the services under the agreement.

The Property Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the agreement.

The Property Manager must also seek the approval of the Responsible Entity before incurring any property management expense in excess of 5% of the aggregate expenditure which has been agreed by the Responsible Entity in the property budgets (on a consolidated basis) for the relevant Financial Year, other than expenses relating to emergency works, non-routine works or certain statutory expenses.

13.4.3. Term and termination

The Property Management Agreement commences on the PDS Date.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Property Manager or the Responsible Entity at least 12 months prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the Responsible Entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to expiry of the term. The compensation amount is however not payable in the event that the Property Manager gives the required notice that it does not wish to extend the agreement at the end of a term.

The agreement will not automatically apply to a new property in which the REIT holds, directly or indirectly, less than a 50% interest.

13.4.4. Property Manager's termination rights

The Property Manager can terminate the Property Management Agreement:

- on 90 days' notice to the Responsible Entity, if there is a bona fide sale of all or substantially all of the assets to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by the Responsible Entity which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Property Manager;
  - the Responsible Entity commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Property Manager has provided notice to the Responsible Entity of each individual breach within 30 days of becoming aware of the relevant breach);
  - the Responsible Entity is insolvent (and is not replaced by another trustee within 30 days of becoming insolvent);
  - the REIT is insolvent; or
  - without prior written approval of the Property Manager:
    - there is a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity;
    - there is a change in a person having, or a person gaining, control of more than half of, or half of the voting rights attached to, the Units;
    - the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group; or
    - a winding-up of the REIT commences,

  provided that, in each case, notice of termination is provided within 90 days of the Property Manager becoming aware of the change of control.

Termination of the agreement by the Property Manager in these circumstances (other than where the Property Manager has given the Trustee at least 12 months' notice that it does not wish to extend the Property Management Agreement) gives rise to the payment of a compensation amount to the Property Manager equal to two times the fees paid under the agreement in the 12 months up to termination.

13. Summary of important documents (continued)

13.4.5. Responsible Entity's termination rights

The Responsible Entity can terminate the Property Management Agreement:

- on 60 days' notice to the Property Manager, if there is a bona fide sale of all or substantially all of the assets of the Group to a third party on an arm's length basis;
- immediately if:
  - a change in a person having, or a person gaining, control of the ability to remove the Responsible Entity;
  - there is a change in a person having, or a person gaining, control of more than half of, or half of the voting rights attached to, the Units;
  - the Responsible Entity is replaced by a responsible entity that is not a member of the HomeCo Group; or
  - a winding-up of the REIT commences,

  provided that, in each case, notice of termination is provided within 90 days of the Responsible Entity becoming aware of the change of control; or
- immediately if the Property Manager ceases to be a member of the HomeCo Group (provided that notice of termination is provided within 90 days of the Responsible Entity becoming aware of the Investment Manager ceasing to be a member of the HomeCo Group),

and in each of the above circumstances, a compensation amount equal to two times the fees paid under the agreement in the 12 months up to termination will be payable to the Property Manager; or

- immediately if:
  - there is a material default of the agreement by the Property Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the Responsible Entity;
  - the Property Manager commits five or more breaches of the Property Management Agreement within a consecutive 12 month period (provided that the Responsible Entity has provided notice to the Property Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Property Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent,

upon which, no compensation amount will be payable to the Property Manager.

13.4.6. Continuation of development management services

If the agreement is not renewed or terminated, the Property Manager will continue to perform and be paid for development management services in respect of any approved development works that are ongoing at the time of termination, until completion of those works (on the condition that the Property Manager will be required to enter into an agreement with the Responsible Entity in respect of those development works with the same rights and obligations as the Property Manager Agreement (subject to any amendments reasonably required by the Responsible Entity)).

13.4.7. Fees, costs and expenses

Fees

The Property Management costs payable to the Property Manager will be as follows:

- **Property Management Costs:** 3% of gross income for each property for each month;
- **New Tenant Lease Fee:** 15% of the face rent for the first year of a lease term where the tenant is new to the Property (excluding new leases entered into with existing tenants pursuant to renewals and options that relate solely to them continuing leasing their current tenancy in the Property);
- **Lease Renewal Fee:** 7.5% of the face rent for the first year of a new lease if an existing tenant enters into a new lease, including by way of exercise of an option to renew, to continue leasing their current tenancy in the Property;
- **Lease Administration and Design Fees:** charge on a cost recovery basis, unless payable by the tenant; and

- **Development Management Fee:**
  - 5% of the total development costs in relation to the first $2.5 million of relevant project costs; and
  - 3% for all costs thereafter.

The Property Manager's fees will be benchmarked and independently reviewed against market fees at the five year anniversary from commencement of the Property Management Agreement in the initial term and on commencement of any successive term.

If the Property Manager's fees are considered to be outside of market ranges, the parties will either agree to a revision to market based fees or refer the review of fees to expert determination (if they cannot agree).

Costs and expenses

The Property Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Property Manager other than its own overhead, administrative or salary expenses incurred in the ordinary conduct of its business or expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Property Manager. The Property Manager must seek the approval of the Responsible Entity where expenditure is not within budget and would exceed any relevant specified thresholds.

The Property Manager is also entitled to recover staff salary, salary on-costs, travel and office operating expenses associated with on-site management, operations, marketing and administration of any property and any off-site accounting, management, IT and operational costs directly related to any Property.

13.5. Custody Deed

The Custody Deed was entered into between the Responsible Entity and Equity Trustees Limited (ACN 004 031 298) (**Custodian**). Under the Custody Deed, the Custodian will:

- provide custody for assets of the REIT;
- hold assets in its own name, but still for the REIT;
- act in accordance with the directions of the Responsible Entity;
- have in place disaster recovery and internal systems and controls;
- keep and maintain all appropriate records and reports as required;
- maintain adequate insurance covering professional indemnity and fraud; and
- not subcontract its responsibilities (without the written consent of the Responsible Entity).

The Custodian is authorised to provide custodial services.

The Custodian is entitled to be indemnified from the REIT for all actions taken, or omitted to be taken, in accordance with a proper instruction given by the Responsible Entity, except to the extent caused or contributed to by the Custodian failing to act in good faith or the material breach, negligence or fraud of the Custodian.

Either party may terminate the Custody Deed on 90 days' written notice to the other. In addition, either party may terminate the Custody Deed immediately in certain circumstances, including where the other party has materially breached the Custody Deed and has not remedied that breach within 10 Business Days.

The Custodian is entitled to an annual custody fee calculated by reference to the GAV of the REIT on the following basis:

- GAV up to $500 million: $35,000;
- GAV up to $800 million: $35,000 plus 0.003% of the GAV in excess of $500 million; and
- GAV over $800 million: $44,000 plus 0.001% of the GAV in excess of $800 million.

The minimum annual fee payable to the Custodian is $35,000 plus GST (adjusted by CPI).

13. Summary of important documents (continued)

13.6. Co-Investment Framework Agreement

The Responsible Entity entered into the Co-Investment Framework Agreement with HomeCo, which will govern the proposed co-investment framework between the REIT and the Unlisted Fund once the Unlisted Fund is established.

The key terms of the Co-Investment Framework Agreement are as follows:

13.6.1. Co-investment framework

The REIT and the Unlisted Fund (and/or their nominated special purpose vehicles) (**Participants**) intend to co-invest into real estate assets across the Model Portfolio subsectors in the future after Completion, subject to the allocation policy set out in Section 13.6.3.

Each asset proposed to be co-owned by the Unlisted Fund and the REIT (**Joint Assets**) may be one or more unit trusts in which the relevant Participants hold their respective interests, subject to accounting, tax and legal due diligence and advice.

13.6.2. Term and termination

The Co-Investment Framework Agreement commenced on 1 August 2021 and will terminate on the first to occur of the following:

- the day on which the parties agree in writing to terminate the agreement;
- if the Unlisted Fund has not been established and held its first close on or before 31 December 2021, provided that HomeCo has discretion to extend such date to 31 March 2022 by providing written notice to the REIT prior to 31 December 2021;
- the day on which the winding up of the Unlisted Fund or the REIT is finalised;
- the day on which a pre-emptive right described in Section 13.6.5 is triggered and all rights and obligations of the parties in connection with that pre-emptive right have been exhausted; and
- the day on which a new agreement is entered into by the parties in lieu of this Co-Investment Framework Agreement.

13.6.3. Allocation policy

The REIT aims to jointly invest in assets valued at up to $250 million with the Unlisted Fund in accordance with the following target ownership splits:

ASSET SUBSECTOR	TARGET OWNERSHIP SPLIT
Hospitals	• Joint ownership by the REIT and the Unlisted Fund on a 50:50 basis
Government, Life Sciences & Research	• Joint ownership by the REIT and the Unlisted Fund on a 50:50 basis
Aged Care	• Asset portfolios valued at greater than $100 million: joint ownership by the REIT and the Unlisted Fund on a 50:50 basis • Asset portfolios with a value of $100 million or less: 100% ownership by the REIT
Childcare	• Asset portfolios valued at greater than $100 million: joint ownership by the REIT and the Unlisted Fund on a 50:50 basis • Asset portfolios with a value of $100 million or less: 100% ownership by the REIT
Primary Care & Wellness	• Asset portfolios valued at greater than $100 million: joint ownership by the REIT and the Unlisted Fund on a 50:50 basis • Asset portfolios with a value of $100 million or less: 100% ownership by the REIT

During the initial deployment period of the Unlisted Fund, the Unlisted Fund will retain priority over assets within the five key subsectors described above that are greater than $250 million and over greenfield development assets exceeding an as completed value greater than $250 million.

The manager will exercise discretion in relation to the allocation policy for individual assets, with reference to the Model Portfolio and funding capacity of the REIT and the Unlisted Fund at the time investment decisions are considered and evaluated.

In addition to the allocation policy described above, to the extent that the Unlisted Fund offers other co-investment opportunities, the REIT will have first priority on such opportunities.

13.6.4. Transfer of assets by Participants

If a Participant (**Transferring Participant**) wishes to transfer any or all of its interest in a Joint Asset (**Disposal Interest**), the other Participant has a right of first refusal in relation to the Transferring Participant's interest in the Joint Asset, and the Transferring Participant must first offer the Disposal Interest to the other Participant (**ROFR**). The ROFR notice must set out the price and terms of the sale of the Disposal Interest.

If the other Participant rejects the ROFR or fails to respond to the ROFR within 45 days of service of the ROFR notice, the Transferring Participant may transfer its Disposal Interest to nominated third parties, at a higher price and on terms no more favourable than the terms set out in the ROFR notice, within 90 days after the rejection or expiry of the ROFR notice.

If the Disposal Interest is not transferred to a nominated third party within 90 days, then the Transferring Participant will not be able to transfer its Disposal Interest without again first complying with the ROFR requirements set out above.

13.6.5. Change of Manager or Responsible Entity

In the event that the Responsible Entity, the investment manager of the REIT or the fund manager of the Unlisted Fund ceases to be a member of the HomeCo Group, the Responsible Entity or the fund manager of the Unlisted Fund (as applicable) will have a right of first offer to acquire the other party's interest in any Joint Assets (**ROFO**).

The Participant with the ROFO in its favour (**Acquiring Party**) will have the right, but not the obligation, to serve written notice on the other Participant (**Selling Party**), which must set out the price, key terms and the relevant Joint Assets over which the Acquiring Party wishes to exercise its ROFO (**ROFO Offer**). The Selling Party must provide the Acquiring Party written notice of its decision to accept or reject the ROFO Offer within 10 business days of receiving the ROFO Offer (**ROFO Period**), otherwise such ROFO Offer will automatically be deemed to have been accepted.

If the Selling Party accepts, or is deemed to have accepted, the ROFO Offer, the Acquiring Party will be irrevocably bound to purchase, and the Selling Party will be irrevocably bound to dispose of, the relevant Joint Assets in accordance with the terms of the ROFO Offer.

If the ROFO Offer is rejected by the Selling Party, the Selling Party may dispose of the relevant Joint Assets under the ROFO Offer to a third party at a higher price and on terms no more favourable to the third party than the terms set out in the ROFO Offer, within 90 days of the end of the ROFO Period. If the Selling Party fails to complete the sale of the relevant Joint Assets during the 90 day period, the Acquiring Party has the right, but not the obligation, to purchase the Joint Assets on the terms of the ROFO Offer, and the Selling Party is irrevocably bound to dispose of the Joint Assets to the Acquiring Party.

13.6.6. Pre-emptive rights against agreements with third parties

The pre-emptive rights described above in Sections 13.6.4 and 13.6.5 are subject to the terms of the Camden JV agreements described in Section 13.9, such that to the extent of any inconsistency between the pre-emptive rights set out in the Co-Investment Framework Agreement and the terms and conditions of the Camden JV agreements, including any pre-emptive rights or transfer restrictions under the Camden JV agreements, the rights and restrictions under the Camden JV agreements shall prevail.

The REIT and the Unlisted Fund will work together to give full effect to the pre-emptive rights under the Co-Investment Framework Agreement, subject to ensuring compliance with the Camden JV agreements.

The Co-Investment Framework Agreement will however take priority over any pre-emptive rights contained in the Proxima Unitholder Deed summarised in Section 13.10.

13. Summary of important documents (continued)

13.6.7. Joint Asset expenses

The costs and expenses in relation to the Joint Assets will be allocated between the Participants on a proportionate basis to their interest in the relevant Joint Asset.

13.6.8. Advisory panel

The Advisory Panel has been established to provide services for the benefit of the Unlisted Fund and the REIT, consisting of healthcare and property industry experts.

The Advisory Panel will assist the Participants, the Investment Manager and the investment manager of the Unlisted Fund in:

- identifying acquisition opportunities;
- undertaking and coordinating asset due diligence; and
- the marketing of the Unlisted Fund and the REIT.

Further details on the membership and role of the Advisory Panel are set out in Section 5.4. The Advisory Panel will have no decision making powers.

Any fees paid to Advisory Panel members are to be equally borne by the Unlisted Fund and the REIT.

13.7. GenesisCare Agreements

On 9 July 2021, newly incorporated subsidiaries wholly owned by the HealthCo REIT entered into the following independent arrangements to acquire freehold or leasehold interests in eight radiation oncology centres, which will ultimately be held by the Custodian for the relevant entities:

- Put and call option entered into with Genesis Cancer Care Qld Pty Limited in respect of a 100% leasehold interest in GenesisCare Bundaberg in Queensland;
- Put and call option entered into with Genesis Cancer Care Qld Pty Ltd as trustee for the Wesley Radiation Oncology Trust in respect of a 100% interest in GenesisCare Chermside in Queensland;
- Put and call option entered into with Genesis Cancer Care Qld Pty Ltd as trustee for the Wesley Radiation Oncology Trust in respect of a 100% freehold interest in GenesisCare Nambour in Queensland;
- Contract entered into with Ringwood R T Holdings Pty Ltd as trustee for Ringwood RT Holdings Unit Trust to purchase a 100% freehold interest in GenesisCare Ringwood in Victoria;
- Contract to purchase entered into with Genesis Care Property Pty Ltd as trustee for Genesis Care Property Trust to purchase a 100% freehold interest in GenesisCare Shepparton in Victoria;
- Put and call option entered into with Genesis Care Property Pty Ltd as trustee for Genesis Care Property Trust in respect of a 100% interest in GenesisCare Southport in Queensland;
- Put and call option entered into with Genesis Cancer Care Qld Pty Limited in respect of a 100% leasehold interest in GenesisCare Urraween in Queensland; and
- Contract entered into with Genesis Care Property Pty Ltd as trustee for Genesis Care Property Trust to purchase a 100% freehold interest in GenesisCare Wembley in Western Australia.

Each acquisition incorporates a lease back to Genesis Care on a triple net basis, with rents based on \$500-\$650 plus GST per square metre, escalated at the greater of 3% or CPI each year and with market rent reviews on commencement of each option period. Each lease is secured by a parent company guarantee from Genesis Care Pty Ltd.

Completion of the acquisition of the following Properties remains conditional on the following outstanding conditions precedent, which will not be satisfied before the Completion Date:

- GenesisCare Bundaberg and GenesisCare Urraween: landlord consent being obtained and finalisation of certain head lease restructuring, subdivision and registration arrangements in respect of each of the Bundaberg and Urraween properties; and
- GenesisCare Ringwood: Australian Hospital Care (Ringwood) Pty Ltd waiving its pre-emptive right under a service agreement it has in place with Ringwood RT Holdings Pty Ltd.

13.8. Armadale and Nunawading acquisitions

On 30 July 2021, newly incorporated subsidiaries to be wholly owned by the HealthCo REIT entered into independent arrangements, on market standard terms, to acquire the freehold interests in two child care centres at Armadale and Nunawading for purchase prices (excluding GST) of $18,480,000 and $13,090,000 respectively, which will ultimately be held by the Custodian for the relevant entities.

Completion of the acquisition of the Armadale property remains conditional on various sub-divisions of title and finalisation of certain lease arrangements to lease the property back to a related party of the vendor, pursuant to which the Property must be operated as a childcare centre. These conditions precedent will not be satisfied before the Completion Date.

13.9. Camden JV Agreements

HealthCo REIT will hold its interest in the Camden property through three special purpose vehicles, being Camden Trust 1, Camden Trust 2 and Camden Trust 3, which are jointly-owned initially with the Unlisted Fund/HomeCo and Acurio Health Care. The Responsible Entity has entered into three subscription and securityholder deeds to acquire its interest in the Camden property, which also further regulates the relationship between the securityholders and to provide for the operation and administration of those special purpose vehicles (**Securityholder Deeds**).

The Securityholder Deeds contain, amongst other things, the following terms:

13.9.1. Governance and board approvals

The boards of the special purpose vehicles comprise a maximum of seven directors and each securityholder is entitled to appoint two directors to the board and remove and replace such directors from time to time for each multiple of 20% of the issued securities owned. Board resolutions are decided by a simple majority vote.

Under the Securityholder Deed for Camden Trust 1:

- board approval is required for certain decisions, including matters relating to capital expenditure, making loans or giving credit, changing the nature of the business and dealing with assets; and
- unanimous securityholder approval is required for certain decisions, including matters relating to adopting or varying the business plan, reduction or redemption of capital, entry into or amending related party transactions and winding up the trust.

Under the Securityholder Deed for Camden Trust 2 and Camden Trust 3:

- unanimous securityholder approval is required for certain decisions, including matters relating to reduction or redemption of capital, entry into or amending related party transactions and winding up the trusts; and
- approval by 70% of securityholders is required for certain decisions, including matters relating to adopting or varying the business plan, changing the nature of the business and dealing with assets.

13.9.2. Issue of new securities

The securityholders have a first right of refusal over any new securities proposed to be issued by Camden Trust 1, Camden Trust 2 or Camden Trust 3.

13.9.3. Disposal and transfer of securities

A securityholder can dispose of securities only in certain circumstances, including:

- to a related body corporate;
- in connection with a public listing of the vehicle's securities or a sale of majority of securities in the vehicle, which requires the consent of each securityholder; or
- to a person approved in writing by all securityholders.

If a securityholder wishes to dispose of securities other than in the circumstances set out above, each other securityholder will have a first right of refusal to acquire those securities before the securities can be offered to a third party. Drag and tag rights exist if 75% of units are transferred.

13. Summary of important documents (continued)

13.9.4. Default events

There are certain events of default under the Securityholder Deeds which, if they occur in relation to a securityholder, give rise to an option to the other securityholders to buy the defaulting securityholder's securities at fair market value. These include insolvency events, material breaches of the Securityholder Deeds and failing to remedy the breach (where capable of remedy), and in certain circumstances where a change of control occurs in respect of a securityholder.

13.9.5. Termination rights

The Securityholder Deeds will terminate following certain events, including:

- at any time by the written agreement of the securityholders;
- in respect of one securityholder, if neither that securityholder nor its related bodies continue to be securityholders;
- if at any time there is only one securityholder; or
- on the occurrence of certain events, including a public listing of the vehicle's securities, sale of the majority of securities in the vehicle, or a sale of all or substantially all of the assets of the vehicle.

13.10. Proxima Unitholders Deed

HealthCo REIT will hold its 50% interest in the Proxima Southport property by owning 50% of the units in the HomeCo (Southport) Property Trust with HomeCo/the Unlisted Fund, which will own the remaining 50%. The Responsible Entity (through its Custodian) will enter into a unitholders deed with HomeCo/the Unlisted Fund to govern those co-ownership arrangements (**Proxima Unitholders Deed**).

The Proxima Unitholders Deed contains, amongst other things, the following terms:

13.10.1. Governance and board approvals

Unitholder approval is required for certain decisions, including matters relating to reduction or redemption of capital, entry into or amending related party transactions, winding up the trusts adopting or varying the master business plan, changing the nature of the business and dealing in assets.

13.10.2. Disposal and transfer of units

If a unitholder wishes to dispose of its units to a party other than to a related entity, the other unitholders within the selling unitholder's group will have a first right of refusal to acquire those units before the units can be offered to a third party. Drag and tag rights exist if 75% of units are transferred.

13.10.3. Default events

There are certain events of default under the Proxima Unitholder Deed which, if they occur in relation to a unitholder, give rise to an option to the other unitholders to buy the defaulting unitholder's units at fair market value. These include insolvency events, the defaulting unitholder ceasing to carry on its business and material breaches of the Proxima Unitholder Deed.

13.10.4. Termination rights

The Proxima Unitholder Deed will terminate following certain events, including:

- at any time by the written agreement of the unitholders;
- in respect of a unitholder, if neither that unitholder nor the other unitholders in its group continue to be unitholder;
- if at any time there is only one unitholder; or
- on the occurrence of certain events, including a public listing of the vehicle's units, sale of at least 50% of units in the vehicle, or a sale of all or substantially all of the assets of the vehicle.

13.11. QLD Sale Contracts – HealthCo Cairns and HealthCo Springfield

The Custodian and the relevant HealthCo subsidiaries have entered into separate sale contracts to acquire HealthCo Cairns and HealthCo Springfield.

Subject to relevant conditions being fulfilled, each contract of sale will be completed on or around 10 business days after the Completion Date (unless otherwise agreed between the parties) at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current registered owners of the relevant Property. The REIT will take title to each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. HealthCo REIT also indemnifies the vendor(s) of all actions, claims and liabilities relating to or arising from the ownership of the relevant Property on and after completion of the contract. Legal title in each Property will be transferred to the Custodian on completion.

13.12. NSW Sale Contracts – HealthCo Rouse Hill and HealthCo St Marys

HealthCo REIT and the Custodian have entered into separate sale contracts to acquire HealthCo Rouse Hill and HealthCo St Marys, whereby the units in the relevant sub-trust which holds the relevant Property will be transferred to the Custodian to hold on behalf of HealthCo REIT.

Subject to relevant conditions being fulfilled, each contract of sale will be completed on a date agreed between the parties at an acquisition price determined by the current independent market valuation of each property.

The vendor or vendors under each sale contract are members of the HomeCo Group and are current owners of the units in relevant sub-trust which owns the relevant Property. HealthCo REIT will take title to the units in the sub-trust holding each Property under standard arms' length commercial terms subject to, and with the benefit of, any leases, agreements for lease or other occupancy rights granted to third parties. Legal title in the units in each sub-trust will be transferred to the Custodian on completion.

13.13. Debt Facility

13.13.1. Documentary Framework for Debt Facility

The Debt Facility will be governed by a number of material contracts including:

- **Syndicated Facility Agreement:** a senior secured syndicated facilities agreement will govern the terms and conditions on which the lenders agree to provide the Debt Facility to HealthCo REIT (the **Syndicated Facility Agreement**). The Syndicated Facility Agreement will contain a range of general terms and conditions that are customary for secured debt facility of this nature, including:
  - a joint and several guarantee from the responsible entity of HealthCo REIT in its capacity as such and each trustee of an asset holding sub-trust (the **Obligors**) of each Obligor's obligations under the Syndicated Facility Agreement and related finance documents;
  - financial covenants;
  - information and other general undertakings;
  - representations and warranties;
  - events of default and review events; and
  - provisions dealing with taxes, costs, indemnities, confidentiality and other matters.

13. Summary of important documents (continued)

- **Security Documents:** all amounts owing under the Debt Facility will be secured by the following security granted in favour of a security trustee who holds the security for the benefit of the secured parties (which includes the lenders, the security trustee, the agent, the arrangers and any hedge counterparty in connection with the Debt Facility) (the **Debt Facility Security**):
  - first ranking registered real property mortgages over all of the wholly-owned freehold properties in the Portfolio (subject to third party consent where required);
  - first ranking registered real property mortgages over certain leases in the Portfolio (subject to third party consent where required);
  - first ranking registered real property mortgages over certain tenancy-in common interests of Obligors in freehold properties in the Portfolio (subject to third party consent where required); and
  - first ranking "all asset" general security deeds in respect of all present and future assets and undertakings of HealthCo REIT and the other Obligors, including:
    - security over all units in each Obligor Trust and other trust in which an Obligor holds an interest; and
    - security over all shares in which an Obligor holds an interest.

  The terms of the Debt Facility Security are considered customary for secured debt facility of this nature.
- **Security Trust Deed:** the Security Trust Deed which will govern how the Debt Facility Security is held by the security trustee on trust in favour of itself, the lenders, the agent, the arrangers and any hedge counterparty in connection with the Debt Facility, which parties constitute the trust beneficiaries. The Security Trust Deed is intended to document the order in which secured creditors of HealthCo REIT (and the other Obligors) will be repaid, should the Debt Facility Security be enforced.

13.13.2. Key Terms of the Debt Facility

The key terms of the Debt Facility under the Syndicated Facility Agreement are summarised below.

13.13.3. Approved purpose

The Debt Facility may be used for general corporate purposes of HealthCo REIT including without limitation capital expenditure (including other related expenditure associated with the development of sites) and acquisitions.

13.13.4. Interest rate

The rate of interest charged on HealthCo's REIT's borrowings under the Debt Facility will comprise of a base interest rate plus a variable interest rate margin. The applicable margin for the Debt Facility is determined by the then prevailing loan to value ratio; a higher loan to value ratio results in a higher margin while a lower loan to value ratio results in a lower margin.

13.13.5. Conditions precedent

The provision of commitments and participation in the initial drawdown of the Debt Facility by the lenders will be subject to the satisfaction of a number of conditions precedent which are customary for secured Debt Facility of this nature, and includes, but are not limited to, the following:

- grant of the Debt Facility Security;
- the separation of HealthCo from HomeCo, including:
  - acquisition of HealthCo Cairns, HealthCo Springfield, HealthCo Rouse Hill and HealthCo St Marys on or before the first utilisation date; and
  - confirmation that HealthCo has been listed and quoted on the ASX or will be listed and quoted on the ASX in accordance with an agreed timeframe;
- providing constitutional and corporate approval documents to the lenders;
- legal opinions being issued to the lenders;
- delivery of independent valuation reports on the real property which is going to be mortgaged;
- evidence that the insurances required under the Syndicated Facility Agreement have been taken out and are in full force and effect;

- copies of HealthCo's group structure chart, board approved interest rate hedging policies, financial statements and funds flow statement and this PDS;
- evidence that all fees and expenses which are then due and payable under the finance documents have been, or will be paid on financial close; and
- provision of all title documents (including any real property certificates of title) relating to the secured property under the Debt Facility Security together with withdrawals of caveats and security interests over the mortgaged real properties.

13.13.6. Key undertakings

The Syndicated Facility Agreement will contain certain standard undertakings which are customary for secured debt facilities of this nature, and will include, but are not limited to, the following undertakings:

- information undertakings;
- undertakings in respect of compliance with certain financial covenants in relation to loan to value, balance sheet gearing and interest cover ratios;
- undertakings on environmental and social matters;
- assets in good and substantial repair and condition, in good working order and in accordance with industry practice;
- subject to certain customary exceptions, restrictions on the ability to dispose of any asset;
- subject to certain customary exceptions including the Security, restrictions on the creation or permitting of security interests;
- restrictions on the making of a distribution in respect of any Financial Year greater than a specified amount, other than a permitted profit reserve distribution, and a prohibition on the declaration of a distribution if an event of default is subsisting;
- undertakings as to insurance;
- various undertakings in respect of certain material documents including requirements to comply with their terms and take all reasonable action to enforce them, not amend or waive their requirements or avoid, release, terminate, rescind or discharge them (other than by performance);
- provision of an updated valuation of each freehold real property in the Portfolio at least once every two years, with approximately 50% of the Portfolio being valued every twelve months over the term of the Debt Facility;
- various standard undertakings applicable to Obligors that are trustees of a trust, including but not limited to, undertakings not to resign as trustee, allow the appointment of an additional trustee or amend, revoke or not comply with the trust deed; and
- various standard undertakings applicable to the Custodian with respect to the applicable Obligor Trust, including but not limited to, undertakings to perform obligations under the Custodian Agreement, undertaking not to resign as custodian, allow the appointment of an additional custodian or amend, revoke or not comply with the Custodian Agreement.

13.13.7. Representation and warranties

The Syndicated Facility Agreement will contain representations and warranties customary for secured debt Facilities of this nature.

13.13.7.1. Events of default

The Syndicated Facility Agreement will contain events of default which are customary for secured debt facilities of this nature, and will include, but are not limited to, the following:

- failure to pay amounts due under the Syndicated Facility Agreement or related finance documents;
- any of the financial undertakings not being satisfied;
- an Obligor failing to comply with any of its obligations (other than the obligation to pay or the obligation to satisfy financial covenants), or makes a misrepresentation, under the Syndicated Facility Agreement or related finance documents which is not remedied within 15 business days;

13. Summary of important documents (continued)

- repudiation or vitiation of any finance document in respect of the Debt Facility or repudiation, termination or vitiation of certain material documents;
- other than a permitted capital reduction, an Obligor taking action to reduce its capital or buy back its shares or (where applicable) units in the trust, without the consent of the lenders;
- an Obligor that is a trustee of a trust ceasing to be the trustee of that trust or if the trust is wound up or the beneficiaries of the trust resolve to do so;
- an Obligor Trust failing to comply with specific obligations under a managed investment scheme to which it is a party;
- the Custodian that is custodian of an Obligor Trust ceasing to be custodian of that trust or an application or order for the removal of the Custodian being sought or if any step is taken to appoint a new or additional custodian to an Obligor Trust; or
- an event or series of events occurring which in the lenders' reasonable opinion would have or be likely to have a material adverse effect.

13.13.7.2. Review events

The Syndicated Facility Agreement will contain the following review events:

- Delisting or suspension: if the units of HealthCo REIT are delisted or suspended from the ASX for a continuous period of more than 5 business days and not reinstated within those 5 business days without any material adverse sanction other than where the suspension is as a result of a trading halt requested by HealthCo REIT for the purpose of an imminent announcement of a major acquisition or merger acquisition; or
- Change of control: if any person acquires (directly or indirectly) control of HealthCo REIT (where "control" has the meaning given to it in section 50AA of the Corporations Act).

If such a review event occurs, subject to certain agreed negotiation and notification periods, a potential repayment and cancellation of the Debt Facility may be required if the review event is not rectified or waived.

The Syndicated Facility Agreement will otherwise be on customary commercial terms typical for a contract of this nature.

13.14. Related Party Arrangements

13.14.1. Custody Deed

HealthCo REIT has entered into the Custody Deed with the Custodian, a wholly owned subsidiary of EQT Holdings Limited. Kelly O'Dwyer, director of the Responsible Entity, is a related party of the Custodian by virtue of being a director of EQT Holdings Limited.

HealthCo REIT and the Custodian have entered into the Custody Deed on arm's length terms and on standard provisions found in agreements of a similar nature. Refer to Section 13.5 for further details.

13.14.2. Aurrum Kids and Aurrum Aged Care

HealthCo REIT leases HealthCo Erina to Aurrum Pty Limited and has entered into an agreement to lease premises at HealthCo Ballarat and will imminently enter into a proposed agreement to lease premises at HealthCo St Marys to Aurrum Childcare Pty Limited. Aurrum Childcare Pty Limited and Aurrum Pty Limited are controlled by David Di Pilla, director of the Responsible Entity and HomeCo, who is a related party. These agreements with the respective tenants listed below have been entered into (or, in the case of premises at HealthCo St Marys, will imminently be entered into) on arm's length terms and reflect customary provisions commonly found in commercial leases of a similar nature.

Details of the proposed leases of premises at HealthCo Ballarat and HealthCo St Marys with Aurrum Childcare Pty Limited, with aggregate annual rent (excluding GST) of $410,000 and $396,000 respectively is provided below.

Location	Term and renewal
HealthCo Ballarat 21-53 Learmonth Road Wendouree VIC	Initial term of 10 years commencing in August 2021 with two options to renew for 10 years each
HealthCo St Marys 253 Forrester Road St. Marys NSW	Initial term of 10 years commencing in August 2022 with two options to renew for 10 years each

Details of the lease for Erina with Aurrum Pty Limited, with aggregate annual rent (excluding GST) of $2.20 million is provided below.

Location	Term and renewal
Erina 351 Terrigal Drive Erina, NSW	Initial term of 10 years which commenced on 2 September 2020, with two options to renew for 10 years each

13.14.3. Indemnification arrangements

HealthCo REIT has provided indemnities in favour of HomeCo, with effect from the date of this PDS, pursuant to indemnification deeds in respect of the obligations of HomeCo as guarantor:

- under the contracts of sale entered into in respect of the acquisitions of the eight GenesisCare properties;
- under the contracts for sale relating to properties at Armadale and Nunawading; and
- under the development contract, contract for sale and nomination agreement relating to Proxima Southport.

13.14.4. Rental/income guarantee arrangements

HealthCo REIT has entered into rental guarantee deeds with HomeCo, pursuant to which HomeCo guarantees rental income at a number of Properties, as follows:

- **Morayfield Health Hub:** a rental guarantee in respect of any rental shortfall at Morayfield Health Hub for the period from 1 September 2021 to 30 June 2022 (unless the property is sold in that time), subject to a maximum of $2,261,667, covering rent on vacant areas (to $1,041,667) and incentives on existing vacancies (up to $1,220,000);
- **Armadale and Nunawading:** an income guarantee in respect of any rental shortfall at either Armadale or Nunawading from 1 September 2021 until the earlier of (i) 30 June 2022 or (ii) the date of completion of the acquisition of the relevant Property;
- **GenesisCare Ringwood:** an income guarantee in respect of any rental shortfall at GenesisCare Ringwood from 1 September 2021 until the earlier of (i) 30 June 2022, (ii) the date of completion of the acquisition of GenesisCare Ringwood or (iii) the date on which the proposed $9,570,000 acquisition price is reinvested by HealthCo REIT in a manner which generates a minimum property income yield in the first year after investment of 4.5% p.a. (on an annualised basis); and
- **GenesisCare Bundaberg and GenesisCare Urraween:** an income guarantee in respect of any rental shortfall at either GenesisCare Bundaberg and GenesisCare Urraween from 1 September 2021 until the earlier of (i) 30 June 2022 or (ii) the date of completion of the acquisition of the relevant Property.

13. Summary of important documents (continued)

13.15. Voluntary Escrow Deed

65,000,010 Units held at Completion by HCDL will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below.

HCDL has entered into a voluntary escrow deed in respect of its Escrowed Units, which prevents it from dealing in its Escrowed Units for the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Units or any legal, beneficial or economic interest in the Escrowed Units or to create or agree or offer to create any security interest in the Units. HCDL will still be able to vote on resolutions of Unitholders and receive distributions.

Following Completion, Escrowed Units held by HCDL will be subject to escrow from Completion until 4.15pm on the first anniversary of Completion.

HCDL may be released early from these escrow obligations to enable:

- it to accept an offer under a bona fide takeover bid in respect of all or a proportion of the Units, provided that the holders of at least half of the Units that are not subject to any voluntary escrow deed, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid;
- the Escrowed Units held by HCDL to be transferred or cancelled as part of a scheme of arrangement relating to HealthCo REIT; or
- HCDL to participate in an equal access unity buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act).

During the escrow period, HCDL may deal in any of its Escrowed Units to the extent the dealing is required by applicable law (including any order of a court of competent jurisdiction) provided that:

- in the case of a takeover, if the offer is conditional, HCDL agrees in writing that the holding lock will be applied for each Escrowed Unit that is not bought by the bidder under the off market takeover bid; or
- in the case of a merger by scheme of arrangement, HCDL agrees in writing that the holding lock will be re-applied if the merger does not take effect.

13.16. Underwriting Agreement

The Responsible Entity, in its capacity as responsible entity of the REIT, HomeCo, Macquarie Capital, Morgan Stanley and Morgans have entered into an Underwriting Agreement dated 1 August 2021 in respect of the Offer. Under the Underwriting Agreement, Macquarie Capital, Morgan Stanley and Morgans have been appointed on an exclusive basis as lead managers, bookrunners and, with respect to Macquarie and Morgan Stanley only, as underwriters, of the Offer. They key terms of the Underwriting Agreement are set out below.

13.16.1. Fees and expenses

Under the Underwriting Agreement, the Responsible Entity must pay:

- the Joint Lead Managers, in equal proportions, a management fee of 0.50% of the total proceeds from the Offer, other than in respect of Units issued to HomeCo (**Offer Proceeds**); and
- the Underwriters, in equal proportions:
  - (i) a financial advisory fee of 0.50% of the Offer Proceeds; and
  - (ii) an underwriting fee of 2.00% the Offer Proceeds.

In addition, the Responsible Entity may pay the Joint Lead Managers an aggregate incentive fee of up to 0.50% of the Offer Proceeds at the absolute discretion of the Responsible Entity (in equal proportions).

In addition to the management fee noted above, Morgans is entitled to receive a fee of 1.75% of the Offer Proceeds raised from the issue of Units to retail investors allocated to Morgans (**Morgans Retail Fee**).

Any retail joint lead managers, co-lead managers, co-managers and Brokers may only be appointed in relation to the Offer by the Joint Lead Managers in agreement with the Responsible Entity. The Underwriters are responsible for:

- the payment of the Morgans Retail Fee to Morgans; and
- the payment of a fee of 1.50% of the Offer Proceeds raised from the issue of any New Units to retail investors allocated to other retail joint lead managers, co-lead managers and co-managers.

The Responsible Entity is responsible for paying any and all other fees payable to any such retail joint lead managers, co-lead managers, co-managers and Brokers.

The Responsible Entity must pay or reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

13.16.2. Termination events

The Joint Lead Managers may terminate their respective obligations under the Underwriting Agreement by notice to the other parties on the occurrence of certain termination events (subject to, in the case of some termination events only, satisfaction of specified materiality thresholds). These termination events include:

- a sale contract, an acquisition agreement for a Contracted Acquisition, the Management Agreements or the Co-Investment Framework Agreement becomes void, is terminated or rescinded or is amended in a manner that is materially adverse to the Responsible Entity;
- a statement contained in the PDS is misleading or deceptive or a matter is required to be included is omitted from the PDS;
- the Responsible Entity lodges a supplementary product disclosure statement (other than in accordance with the Underwriting Agreement) or a Joint Lead Manager (acting reasonably) forms the view that a supplementary product disclosure statement must be lodged with ASIC under section 1016E of the Corporations Act;
- certain ASIC orders are issued or applied for, or certain investigations or hearings are commenced by ASIC in relation to the Offer, the PDS, or certain other documents issued by the Responsible Entity in relation to the Offer;
- the Responsible Entity withdraws the PDS or the Offer, or the Responsible Entity indicates that it does not intend to proceed with the Offer;
- approval is refused or subsequently withdrawn to HealthCo REIT's admission to the Official List or the official quotation of all the Units on ASX;
- an event specified in the Timetable up to and including the Settlement Date is delayed by more than two Business Days (other than a delay agreed to by the Joint Lead Managers);
- any Group member or HomeCo becomes insolvent, or there is an act or omission which is likely to result in a Group member becoming insolvent;
- a Director or proposed Director is charged with an indictable offence, public action is taken against a Director or HomeCo, or the Director or proposed Director or HomeCo is disqualified from managing a corporation under the Corporations Act;
- there is a disruption in financial markets in Australia and the United States of America, including an event which is reasonably likely to have a material adverse effect on certain aspects of the Offer; and
- the Responsible Entity becomes unable to issue the New Units.

The Underwriting Agreement also contains a number of customary termination events (i.e. any representation and warranty by the Responsible Entity or HomeCo becomes untrue or incorrect, changes in key management (without the prior consent the Joint Lead Managers), and an occurrence which constitutes a material adverse change).

13.16.3. Undertakings

The undertakings given by the Responsible Entity relates to customary matters including, but not limited to, consultation with the Joint Lead Managers in respect of ASIC, ASX or the New Zealand Registrar of Financial Service Providers correspondence, notification of breach to the Joint Lead Managers and undertakings that the Responsible Entity will:

- until 120 days after Completion, carry on the business of the REIT and procure that each member of the Group carries on its business in the ordinary course (having regarding to how the Properties have been managed historically) and not dispose of (or permit any member of the Group to dispose of) any material part of its business or property, and not acquire (or permit any other member of the Group to acquire) any business or property except in the ordinary course or as disclosed in this PDS;
- until 90 days after Completion, not issue or agree to issue, or indicate in any way that it may or will issue or agree to issue, any Units or other securities convertible into securities in the REIT or any other member of the Group (subject to certain exceptions), without the prior written consent of the Joint Lead Managers; and
- until 120 days after Completion, not alter the capital structure of the REIT or amend the Constitution without the prior written consent of the Joint Lead Managers (such consent to not be unreasonably withheld or delayed), or as otherwise disclosed in this PDS.

13. Summary of important documents (continued)

13.16.4. Representations and warranties

Customary representations and warranties are given by the Responsible Entity in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals, and the status of the Responsible Entity. The Responsible Entity also gives a number of further representations and warranties, including that this PDS complies with the Corporations Act and the Listing Rules, and will not contain any misleading or deceptive statements or omissions. Representations and warranties are also given in relation to the assets, liabilities, financial position and business conduct of the REIT.

13.16.5. Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, wilful misconduct or fraud by the Joint Lead Managers (and certain affiliated parties), the Responsible Entity indemnifies each Joint Lead Manager (and certain affiliated parties) against all losses suffered directly or indirectly, or claims made against the Joint Lead Managers (or certain affiliated parties), in connection with the Offer and this PDS or certain other documents issued in connection with the Offer.

13.16.6. Guarantee and indemnity

HomeCo has unconditionally and irrevocably guaranteed to the Joint Lead Manager the due and punctual performance and observance by the Responsible Entity of its obligations under the Underwriting Agreement. This guarantee survives until the earlier of Completion or the Underwriting Agreement being terminated. As a separate undertaking, HomeCo also indemnifies the Joint Lead Managers against all losses arising from a breach by the Responsible Entity of the Underwriting Agreement.

Section 14.

Additional information

Image: St Marys

14. Additional information

14.1. Rights and liabilities attaching to Units

The rights and liabilities attaching to Units are set out in the Constitution, which is summarised in Section 13.1. A copy of the Constitution is available during the Offer Period to any person free of charge by contacting the Offer Information Line on +61 1800 990 475 (toll free within Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding public holidays).

14.2. Child entities

HealthCo REIT's structure involves separate wholly-owned sub-trusts for the Properties. The trustee of each such sub-trust is a special purpose vehicle that is, in each case, an indirectly wholly-owned subsidiary of HCDL.

The nature of the business of each of these sub-trusts is to act as asset level holdings trusts for the Properties.

14.3. Intellectual property rights

In acquiring the Properties, HealthCo REIT will not acquire ownership rights or any entitlement to income or profit derived from utilisation of HomeCo's intellectual property (which includes rights associated with the "HomeCo" brand and all intellectual property developed or licensed by HomeCo from time to time) or any right to prevent HomeCo utilising that intellectual property as it thinks fit. Rather, HealthCo REIT will be licensed to use the "HomeCo" name in connection with the operation of HealthCo REIT, its controlled entities and their real estate assets.

HealthCo REIT will separately seek to acquire and register intellectual property rights in the "HealthCo" name.

HealthCo REIT has separately applied to register intellectual property rights in the "HealthCo" logo.

14.4. Foreign selling restrictions

As at the date of this PDS, no action has been taken to register or qualify the Units or the Offer or to otherwise permit a public offering of the Units outside Australia or New Zealand.

The distribution of this PDS (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this PDS outside Australia or New Zealand, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This PDS does not constitute an Offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or invitation.

The Units may be offered in a jurisdiction outside Australia or New Zealand where such offer is made in accordance with the laws of that jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this Section 14 and to have represented and warranted that it is able to apply for and acquire the Units in compliance with those restrictions.

Hong Kong

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Units have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Units that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 of Singapore (the SFA) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The REIT is not a collective investment scheme authorised under section 286 of the SFA or recognised by the MAS under section 287 of the SFA and the New Units are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Units may not be circulated or distributed, nor may the New Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA) or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The offering of the New Units in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (FinSA) because such offering is made to professional clients within the meaning of the FinSA only, except to professional clients which qualify as such as a result of their election not to be treated as private clients, but as professional clients, and the New Units will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus or a similar communication pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the New Units.

Neither this document nor any other offering or marketing material relating to the offering, the Responsible Entity or New Units have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Units will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA) or any Licensed Review Body according to the FinSA. The offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA) or under the FinSA. Accordingly, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the New Units.

14.5. Interests of experts and advisers

Other than as set out in this PDS, no person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS and no promoter of the REIT or Joint Lead Managers of the Offer or financial services licensee named in this PDS as a financial services licensee involved in the Offer, holds at the date of this PDS, or has held in the two years prior to that date, an interest in the formation or promotion of the REIT, any property acquired or proposed to be acquired by the REIT in connection with its formation or promotion or the Offer, nor has anyone paid or agreed to pay any amount, or given or agreed to give any benefit, to such persons for services provided in connection with the formation or promotion of the REIT or the Offer.

Baker & McKenzie is entitled to be paid approximately $1,200,000 (plus GST and disbursements) in fees and charges for legal services rendered to the REIT up to date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Greenwoods & Herbert Smith Freehills is entitled to be paid approximately $150,000 (plus GST and disbursements) in fees and charges for tax advice rendered to the REIT up to date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Hogan Lovells International LLP are entitled to be paid approximately $70,000 (plus GST and disbursements) in fees and charges for legal services rendered to the REIT in relation to matters related to debt financing of the REIT up to the date of this Offer in connection with the Debt Facilities. Further amounts may be paid in accordance with its normal time based charges.

Ernst & Young is entitled to be paid approximately $400,000 (plus GST and disbursements) in fees and charges for financial due diligence services up to the date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

14. Additional information (continued)

Ernst & Young Strategy and Transactions Limited is entitled to be paid $40,000 (plus GST and disbursements) in fees and charges for the preparation of the Independent Limited Assurance Report up to the date of this PDS in connection with the Offer. Further amounts may be paid in accordance with its normal time based charges.

Macquarie Capital and Morgan Stanley have acted as Underwriters and Joint Lead Managers for the Offer and are entitled to receive the fees and commissions described in Section 13.16.

Morgans has acted as Joint Lead Manager for the Offer and is entitled to receive the fees and commissions described in Section 13.16.

National Australia Bank Limited has acted as Retail Joint Lead Manager to the Offer and will receive from the Responsible Entity a fee of $200,000 and a fee of 1.50% of the amount allocated to them under the Broker Firm Offer (plus GST).

Each of Bell Potter Securities Limited and Wilsons Advisory and Stockbroking Limited has acted as Co-Lead Managers to the Offer and will receive from the Responsible Entity a fee of $75,000 and a fee of 1.50% of the amount allocated to them under the Broker Firm Offer.

Each of Taylor Collison Limited, Escala Partners Pty Ltd and Crestone Wealth Management Limited has acted as Co-Managers to the Offer and will receive from the Responsible Entity a fee of 1.50% of the amount allocated to them under the Broker Firm Offer.

Knight Frank Valuation & Advisory Queensland and Knight Frank Health & Aged Care Queensland, Savills Valuations Pty Ltd and CIVAS (NSW) Pty Limited have undertaken valuation services to the REIT and prepared the valuation summary letter in Section 10. The REIT has paid, or agreed to pay fees of approximately $138,750 (excluding disbursements and GST) for these services up until the date of this PDS.

These amounts, and other expenses of the Offer, will be paid by the REIT out of funds raised under the Offer.

Further information on the use of proceeds and payment of expenses of the Offer is set out in Sections 8.5 and 12.3.2.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the Units, instead of subscribing for or acquiring the legal or beneficial interest in those Units. One or more of the Joint Lead Managers, Retail Joint Lead Manager, Co-Lead Managers, Co-Managers or their affiliates may, for their own account, write derivative transactions with those investors relating to the Units to provide the economic interest in the Units, or otherwise acquire Units in connection with the writing of such derivative transactions in the Offer and/or the secondary market. As a result of such transactions, one or more of the Joint Lead Managers, Retail Joint Lead Manager, Co-Lead Managers or Co-Managers (or their affiliates) may be allocated, subscribe for or acquire Units in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such Units.

These transactions may, together with other Units acquired by a Joint Lead Manager, Retail Joint Lead Manager, Co-Lead Manager, Co-Manager or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Manager, Co-Lead Manager, Co-Manager or their affiliates disclosing a substantial holding and earning fees.

The Joint Lead Managers, the Retail Joint Lead Manager, the Co-Lead Managers, the Co-Managers, the Brokers and their respective Related Bodies Corporate and affiliates, and any of their respective officers, directors, employees, partners, advisers or agents (the Lead Manager Parties) are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer or interests associated with such persons, out of which conflicting interests or duties may arise.

14.6. Consents

The persons listed in the table below have given and have not, before the lodgement of this PDS with ASIC, withdrawn their written consent to:

(a) be named in this PDS in the form and context in which they are named;

(b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and

(c) the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Macquarie Capital (Australia) Limited	Joint Lead Manager and Underwriter	Not applicable
Morgan Stanley Australia Securities Limited	Joint Lead Manager and Underwriter	Not applicable
Morgans Financial Limited	Joint Lead Manager	Not applicable
National Australia Bank Limited	Retail Joint Lead Manager	Not applicable
Bell Potter Securities Limited	Co-Lead Manager	Not applicable
Wilsons Advisory and Stockbroking Limited	Co-Lead Manager	Not applicable
Craigs Investment Partners Limited	Co-Lead Manager	Not applicable
Crestone Wealth Management Limited	Co-Manager	Not applicable
Taylor Collison Limited	Co-Manager	Not applicable
Escala Partners Pty Ltd	Co-Manager	Not applicable
Baker & McKenzie	Australian Legal Adviser	Not applicable
Bell Gully	New Zealand Legal Adviser	Not applicable
Greenwoods & Herbert Smith Freehills Pty Limited	Tax Adviser	Taxation implications in Section 11
Hogan Lovells International LLP	Australian Legal Adviser (Debt Facility)	Not applicable
Ernst & Young	Provider of financial due diligence services in connection with the Offer	Not applicable
Ernst & Young Strategy and Transactions Limited	Investigating Accountant	Independent Limited Assurance Report in Section 9
Link Market Services Limited	Registry	Not applicable
Knight Frank Valuation & Advisory Queensland and Knight Frank Health & Aged Care Queensland	Valuer	Valuation Report in Section 10
Savills Valuations Pty Ltd	Valuer	Valuation Report in Section 10
CIVAS (NSW) Pty Limited	Valuer	Valuation Report in Section 10
Equity Trustees Limited	Custodian	Not applicable
KPMG Australia Pty Limited	Auditor	Not applicable
L.E.K. Consulting Australia Pty Ltd	Research Provider	Industry Report
Real Investment Analytics Pty Ltd (RIA)	Research Provider	Industry Report

Each Director has given and has not, before lodgement of this PDS with ASIC, withdrawn his or her consent to be named in this PDS as a Director in the form and context in which they are named and for the statements made by and on behalf of him or her to be included in this PDS.

None of the persons referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than any statement or report included in this PDS with the consent of that person as specified above.

Each of the persons referred to above:

(a) has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above.

14. Additional information (continued)

14.6.1. L.E.K. Consulting disclaimer

This PDS, including the overview of the industry in which HealthCo REIT operates in Section 4, contains statistics, data and other information relating to markets, market sizes, market positions, market trends, funding, and other industry data pertaining to HealthCo REIT's business and markets (Market and Industry Data). Where indicated by specific L.E.K. Consulting Australia Pty Ltd (L.E.K. Consulting), such information is based on an industry report that Home Consortium Limited commissioned from L.E.K. Consulting Australia Pty Ltd (L.E.K. Consulting) (the **Industry Report**), as well as HealthCo REIT's analysis of such information. The information contained in the Industry Report has been accurately reproduced, and, as far as HealthCo REIT is aware, no facts have been omitted which would render the information provided inaccurate or misleading.

The Industry Report includes or is otherwise based on information supplied to L.E.K. Consulting by or on behalf of HealthCo REIT. In addition, L.E.K. Consulting notes that the Industry Report includes or is otherwise based on information obtained from (i) various data collection agencies, industry associations, forums and institutes and private market analysts, and (ii) publicly available information, such as Federal and State government budgets, and other information publicly released by corporations and government departments, as well as primary interviews conducted with industry experts and participants and secondary market research.

While the Industry Report provides that the views, opinions, forecasts and information contained in it are based on information reasonably believed by L.E.K. Consulting in good faith to be reliable, L.E.K. Consulting has not independently verified or audited the information or material provided to it by or on behalf of HealthCo REIT. In addition, HealthCo REIT has not independently verified, and cannot give any assurances as to the accuracy and completeness of the market and industry data contained in this PDS that has been extracted or derived from the Industry Report. Accordingly, the accuracy and completeness of such information is not guaranteed.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

14.7. ASX waivers and confirmations

In order to conduct the Offer, the REIT has sought and expects to receive certain in-principle waivers and confirmations to the Listing Rules by ASX. The waivers and confirmations sought by the REIT include:

- confirmation that the structure of the REIT is appropriate for a listed entity for the purposes of Listing Rule 1.1, condition 1;
- confirmation that the Constitution is consistent with the Listing Rules for the purposes of Listing Rule 1.1, condition 2;
- waiver form Listing Rule 1.1, condition 18 from the requirement for the REIT to have a remuneration committee;
- confirmation that the REIT is not required to provide accounts for the last two Financial Years under Listing Rule 1.3.5(a);
- confirmation that the reviewed financial information provided in this PDS are sufficient for the purposes of Listing Rule 1.3.5(d);
- confirmation under Listing Rule 2.1, condition 1 that the terms of the Units are acceptable;
- confirmation that the REIT will not, at the time of its admission to the Official List, have any restricted securities on issue and that the requirements in Listing Rule 9.1 do not apply;
- a waiver of Listing Rule 6.24, clause 1 of Appendix 6A to the extent necessary so that the REIT does not need to advise ASX of the rate of distribution on the date the record date is announced on the condition that an estimated distributed rate is advised to ASX on that date and the actual rate is advised to ASX as soon as it becomes known;
- a waiver of Listing Rules 7.1 and 10.11 to allow the issue of Units to the Responsible Entity or a Manager to satisfy payment of a management fee under the Constitution and Management Agreements;
- a waiver of Listing Rule 10.1 to allow the Responsible Entity to enter into and extend leases with certain named related parties which constitute a substantial asset, subject to certain conditions; and
- a waiver of Listing Rule 10.1 to allow the exercise of the proposed pre-emptive right in favour of the Unlisted Fund, which will be triggered in the event that the Responsible Entity is removed as responsible entity of the REIT.

HomeCo has received a confirmation in relation to Listing Rules 11.2 and 11.4 to allow the Offer to be made without HomeCo Securityholder approval.

14.8. ASIC relief

The REIT has received in-principle confirmation from ASIC that it does not have any objection to the proposal not to include any historical financial information in the PDS and to include the Financial Information in the PDS.

14.9. Legal proceedings

Neither the Responsible Entity nor the REIT is a party to any current litigation material to the financial standing of the Responsible Entity or the REIT and the Directors have no such knowledge of any such potential litigation.

14.10. Environment, ethical and social considerations

The Responsible Entity does take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments for the HealthCo REIT. Environment factors are addressed as part of customary property due diligence enquiries. The Responsible Entity has no pre-determined view about which, or to what extent, labour standards or environmental, social or ethical considerations will be taken into account for an investment as each investment will be decided on a case by case basis.

14.11. Exercise of pricing discretions

The Responsible Entity will be able to rely on ASIC Class Order [CO 13/655], which will apply to pricing of Units in the REIT. The Offer Price has been calculated in accordance with the Constitution of the REIT as a fixed price equal to the Offer Price in the PDS. Details of any discretion which will be applied to the pricing of Units following listing is detailed in the REIT's Unit Pricing Policy which will be accessible on the REIT's website www.home-co.com.au free of charge.

14.12. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Responsible Entity may be required to collect certain customer identification information and verify that information in compliance with the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) (the **AML/CTF Act**) and AML/CTF Rules before it can issue Units to Applicants.

Customer identification information may include detailed know your customer (**KYC**) information in relation to the Applicant such as, for an individual Applicant, name, address, and date of birth and for an Applicant that is a business entity, details of directors and beneficial owners, and where the Applicant is a trustee, details of the trust and beneficiaries. The Responsible Entity may require further KYC information such as information concerning business activities, structure and source of funds of Applicants and from time to time may require an Applicant to provide updated or additional information.

The Responsible Entity may refuse to accept an Application or decline to issue Units to an Applicant until it has satisfactorily concluded a customer identification procedure in relation to the Applicant.

The Responsible Entity may delay or refuse any request or transaction, including by suspending the issue or redemption of Units if the Responsible Entity is concerned that the request or transaction may cause the Responsible Entity to contravene the AML/CTF Act. The Responsible Entity will incur no liability to the Applicant if it does so.

14.13. Governing law

This PDS and the contracts that arise from the acceptance of Applications and bids under this PDS are governed by the law applicable in NSW and each Applicant under this PDS submits to the exclusive jurisdiction of the courts of NSW.

14.14. Statement of Directors

Each Director as at the date of this PDS has consented to the lodgement of this PDS with ASIC.

14. Additional information (continued)

14.15. Access to information

The Responsible Entity will provide regular communication to Unitholders, including publication of:

- the REIT's half yearly reports which provides an update on the investments held, operation of the REIT and performance for the period;
- the REIT's annual report including audited financial statements for each Financial Year ending 30 June;
- quarterly distribution statements; and
- any continuous disclosure notices given by the REIT.

This information will be accessible on the REIT website www.home-co.com.au.

The Responsible Entity, as a disclosing entity, will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the REIT may be obtained from, or inspected at, an ASIC office (or may be available through the REIT's website), and will also be lodged with ASX as required, and available through the ASX website.

You also have the right to obtain a copy of each annual report, half yearly report and any continuous disclosure notice from the REIT free of charge.

As at the date of this PDS, the REIT has not lodged with ASIC any annual report or half year report and has not given any continuous disclosure notices to ASX.

14.16. Copy of documents

The following documents are available for inspection at the offices of the Responsible Entity between 9.00 am and 5.00 pm (Sydney Time) on Business Days in Sydney NSW. Alternatively, a copy of the following documents may be requested (to be provided free of charge) by contacting the Responsible Entity on +61 1300 466 326:

- the Constitution;
- Compliance Plan; and
- the REIT's policy regarding the exercise of discretions (including as to unit pricing) under the Constitution, valuation policy, and other matters.

14.17. Complaints

If you have a complaint about the REIT or the Responsible Entity in connection with your investment in the REIT you can write to the Company Secretary at:

Andrew Selim
19 Bay Street
Double Bay NSW 2028
Australia

The Compliance Officer will acknowledge your complaint, investigate it and report back to you as soon as practicable, and in any event, within 45 days.

If you are dissatisfied with the response or the complaint is not resolved within 30 days, you may raise the matter directly with the Australian Financial Complaints Authority (AFCA). The AFCA's contact details are:

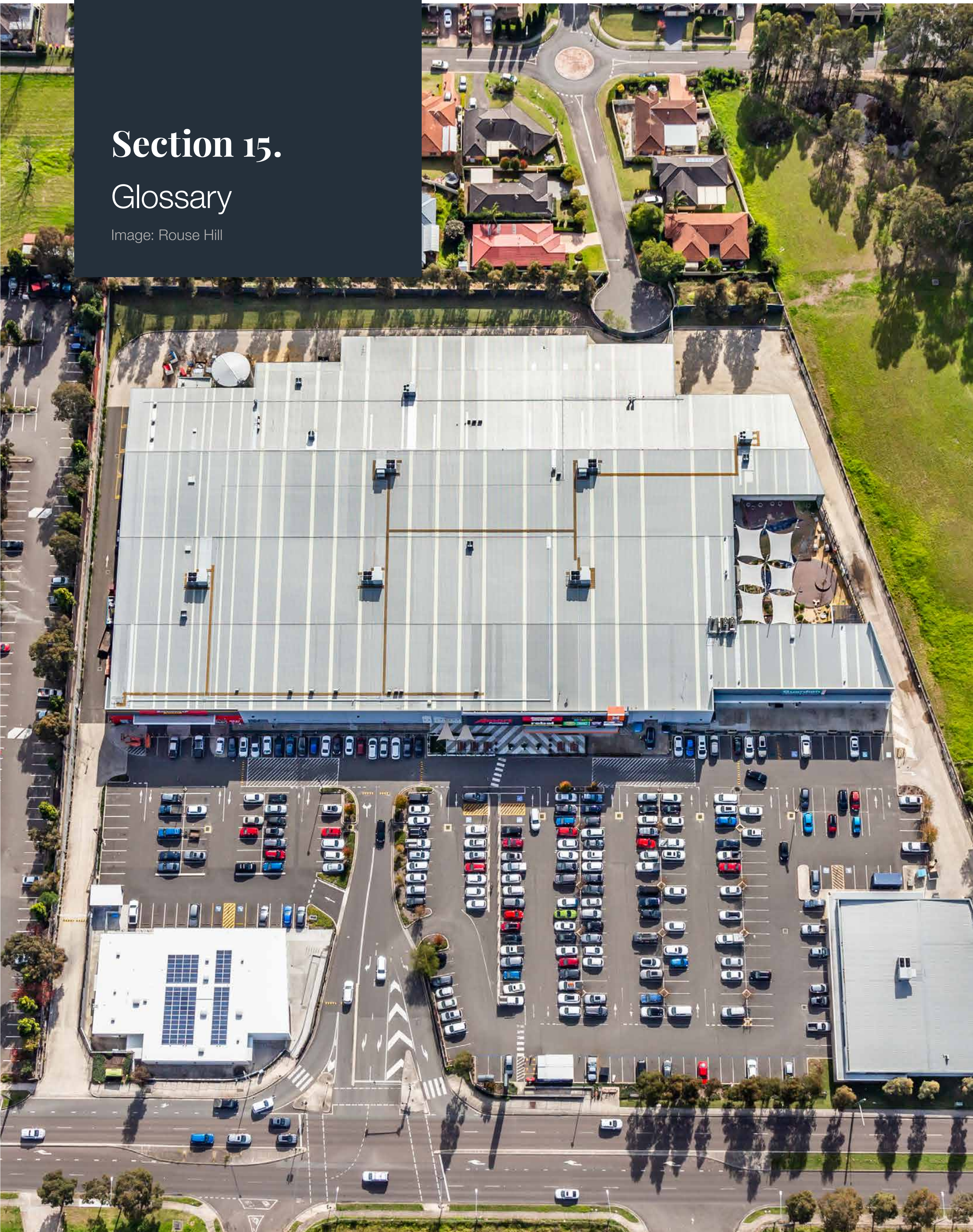
Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Email: info@afca.org.au

If you are after investment advice you should contact your financial adviser.

Section 15.

Glossary

Image: Rouse Hill



15. Glossary

AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
ABS	Australian Bureau of Statistics.
ACECQA	Australian Children's Education & Care Quality Authority.
ACFA	Aged Care Financing Authority.
Acquisitions	The acquisitions of the 27 Properties comprising the Portfolio.
Advisory Panel	The specialist advisory panel set out in Section 5.4.
AFSL	Australian Financial Services Licence.
AIHW	Australian Institute of Health and Welfare.
Applicant	A person who submits an Application.
Application	An application to subscribe for Units offered under this PDS pursuant to the Offer.
Application Form	The application form attached to or accompanying this PDS (including the electronic form provided by an online application facility) relating to participation in the Offer.
Application Monies	The amount of monies accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the securities exchange that it operates, as the context requires.
ASX Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition, February 2019).
ASX Settlement Operating Rules	The settlement operating rules of ASX.
Attribution Managed Investment Trust or **AMIT**	A managed investment trust that applies the attribution rules in Division 276 of the *Income Tax Assessment Act 1936*.
Australian Accounting Standards or **AAS**	Australian Accounting Standards issued by the AASB.
Basis Points	One Basis Point is equal to 1/100th of 1%, or 0.01%.

Board or **Board of Directors**	The board of directors of the Responsible Entity.
Broker	An ASX or NZX participating organisation selected by the Responsible Entity to act as a broker to the Offer.
Broker Firm Offer	The offer of Units under this PDS to Australian and New Zealand resident retail clients of participating Brokers who have received an invitation from their Broker to participate in the Broker Firm Offer.
Business Day	A day on which ASX is open for trading in securities and banks are open for general business in Sydney, NSW.
Capitalisation rate or **cap rate**	The return of a property or portfolio of properties calculated by dividing the market level of net property income of that property or portfolio by the assessed independent valuation of that property or portfolio.
CGT	Capital gains tax.
CHESS	ASX's Clearing House Electronic Sub-register System operated in accordance with the Listing Rules and the ASX Settlement Operating Rules.
Closing Date	The date on which the Offer is expected to close, being 27 August 2021 in respect of the Offer.
Co-Investment Framework Agreement	The co-investment framework agreement between HomeCo and the Responsible Entity, as described in Section 13.6.
Completion	Completion of the Offer, being the allotment and issue of Units by the Responsible Entity.
Completion Date	The date on which Completion is expected to occur, being 2 September 2021.
Constitution	The constitution of the REIT.
Contracted Acquisitions	The four contracted acquisitions of Armadale, GenesisCare Bundaberg, GenesisCare Ringwood and GenesisCare Urraween, which are expected to settle post Completion Date. Refer to Sections 7.1.17, 13.7 and 13.8 for further information.
Corporations Act	*Corporations Act 2001* (Cth).
Custodian	Equity Trustees Limited (ACN 004 031 298).
Custody Deed	The custody deed between the Custodian and the Responsible Entity, as described in Section 13.5.
Debt Facility	The borrowing of money by, and other financial accommodation provided to, the REIT, as detailed in Section 13.13.

15. Glossary (continued)

Director	A member of the Responsible Entity's board.
Distribution Yield	The rate of return derived by dividing the distribution per Unit by the Offer Price.
Dollar or **$**	Australian dollars.
Escrowed Unit	The 65,000,010 million Units the subject of voluntary escrow pursuant to the Voluntary Escrow Deed.
ESG	Environmental, social and governance.
Exposure Period	The seven day period after the PDS Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Responsible Entity.
FFO	Funds from operations.
Financial Information	The financial information described in Section 6.
Financial Year or **FY**	The 12 months ending 30 June.
Forecast FFO	The forecast consolidated funds from operations for the period from the Completion Date to 30 June 2022.
Forecast Financial Information	The financial information described as Forecast Financial Information in Section 6.
GAV	The consolidated gross asset value of the Group calculated in accordance with the Constitution, and with the effects of all transactions between the Group members being eliminated in full.
GDP	Gross Domestic Product.
Gearing	Borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less cash and cash equivalents.
GLA	Gross lettable area.
GRESB	Global Real Estate Sustainability Benchmark.
GST	Goods and Services Tax.
HCL	Home Consortium Limited (ACN 138 990 593).
HCDL	Home Consortium Developments Limited (ACN 635 859 700).

HealthCo REIT or **the REIT**	HealthCo Healthcare and Wellness REIT (ARSN 652 057 639).
Health hub	Multi-tenanted property with co-located health and wellness tenants.
HomeCo or **HMC**	The stapled entity consisting of HCL and HCDL.
HomeCo Group	HomeCo and its controlled entities.
HomeCo Securityholder	A holder of a security issued in HomeCo.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board.
Industry Report	Has the meaning given in Section 14.6.1.
Independent Limited Assurance Report or **ILAR**	The Independent Limited Assurance Report as set out in Section 9.
Institutional Investor	Investors who are: • persons who are wholesale clients under section 761G of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by the Responsible Entity and the Joint Lead Managers, to whom offers of Units may lawfully be made without the need for a lodged or registered PDS or other form of disclosure document or filing with, or approved by, any government agency (except one with which the Responsible Entity is willing in its sole discretion to comply); and provided that in each case if such investors are in the United States, they are Eligible U.S. Fund Managers.
Institutional Offer	The invitation to Institutional Investors under this PDS to acquire Units as detailed in Section 8.9.
Investigating Accountant	Ernst & Young Strategy and Transactions Limited (ACN 003 599 844).
Investment Management Agreement	The investment management agreement between the Responsible Entity and the Investment Manager in respect of the REIT, as described in Section 13.3.
Investment Manager	HomeCo Investment Management Pty Ltd (ACN 644 510 583).
Joint Assets	The assets to be co-owned by the Unlisted Fund and the REIT under the Co-Investment Framework Agreement summarised in Section 13.6.
Joint Lead Managers or **JLMs**	Macquarie Capital, Morgan Stanley and Morgans.
Listing Rules	The listing rules of ASX.

15. Glossary (continued)

Macquarie Capital	Macquarie Capital (Australia) Limited (ACN 123 199 548).
Management Agreements	Comprises the Investment Management Agreement and the Property Management Agreement as described in Sections 13.3 and 13.4.
Managers	The Investment Manager and the Property Manager.
Model Portfolio	Has the meaning as described in Section 2.2.2.
Morgan Stanley	Morgan Stanley Australia Securities Limited (ACN 078 652 276).
Morgans	Morgans Financial Limited (ACN 010 669 726).
MoU	Memorandum of Understanding.
Mutual Recognition Regime	The mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Market Conduct Regulations 2014 of New Zealand.
NAV	The consolidated net asset value of the Group calculated in accordance with the Constitution, and with the effects of all transactions between the Group members being eliminated in full.
New Unit	A new Unit offered under the Offer.
NSW	New South Wales.
NTA	Net tangible assets.
Offer	The offer of Units under this PDS.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	$2.00 per Unit.
Official List	The official list of entities that ASX has admitted to and not removed from listing.
Opening Date	The date the Retail Offer opens, being 12 August 2021.
PDS	This document (including the electronic form of this PDS) and any supplementary or replacement PDS in relation to this document.
PDS Date	The date on which a copy of this PDS is lodged with ASIC, being 2 August 2021.

Portfolio	The 27 assets owned or contracted for acquisition by HealthCo REIT on Completion (including the Contracted Acquisitions).
Priority Offer	The offer of Units under this PDS which is open to selected investors in eligible jurisdictions, who have received a Priority Offer invitation to acquire Units under this PDS.
Pro Forma Forecast FFO	Has the meaning given in Section 6.1.
Pro Forma Forecast Financial Information	The financial information described as Pro Forma Forecast Financial Information in Section 6.1.
Pro Forma Statement of Financial Position	The Pro Forma Statement of Financial Position set out in Section 6.4 of this PDS.
Property	An individual property included in the Portfolio.
Property Manager	HomeCo Property Management Pty Ltd (ACN 644 510 707).
Property Management Agreement	The property management agreement between the Responsible Entity and the Property Manager in respect of the REIT, as described in Section 13.4.
QLD	Queensland.
Registry	Link Market Services Limited (ACN 083 214 537).
Regulation S	Regulation S promulgated under the US Securities Act.
Responsible Entity	HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) as responsible entity of the REIT.
Retail Joint Lead Manager	National Australia Bank Limited.
Retail Offer	The Broker Firm Offer and Priority Offer.
RIA	Real Investment Analytics Pty Ltd.
Section	A section of this PDS.
sqm	Square metres.
Sydney Time	The official time in Sydney, Australia.
Syndicated Facility Agreement	Has the meaning given in Section 13.13.1.

15. Glossary (continued)

Underwriters	Macquarie Capital and Morgan Stanley.
Underwriting Agreement	The underwriting agreement between the Responsible Entity, HomeCo, Macquarie, Morgan Stanley and Morgans, as described in Section 13.16.
Unit	A fully paid ordinary unit in the REIT.
Unitholder	A holder of Units.
Unlisted Fund	The proposed unlisted wholesale vehicle to be externally managed by HomeCo with a complementary investment objective to HealthCo REIT.
UNPRI	United Nations' Principles for Responsible Investment.
US Exchange Act	The US Exchange Act of 1934, as amended.
US Person	A 'US Person' as defined in Rule 902(k) of Regulation S.
US Securities Act	The U.S. Securities Act of 1933, as amended.
VIC	Victoria.
Voluntary Escrow Deed	Voluntary escrow deed between the Responsible Entity and HCDL, as described in Section 13.15.
WA	Western Australia.
WACR	Weighted average capitalisation rate.
WALE	Weighted average lease expiry.
WARR	Weighted average rent review.

Application Form

Hi-res PDF to be supplied.

(4 pages have been allocated for an Application Form and a duplicate form. This is because the stock used differs from the main Prospectus, and must be a 4-page section for binding purposes.)

Application Form

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Corporate Directory

HCW Funds Management Limited as responsible entity of the HealthCo Healthcare and Wellness REIT
ACN 104 438 100
19 Bay Street
Double Bay NSW 2028

Australian Legal Advisor
Baker & McKenzie
Tower One, International Towers Sydney
Level 46, 100 Barangaroo Avenue
Barangaroo NSW 2000

New Zealand Legal Advisor
Bell Gully
Level 21 Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

Taxation Advisor
Greenwoods & Herbert Smith Freehills Pty Limited
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Australian Legal Advisor (Debt Facility)
Hogan Lovells
Level 17, 20 Martin Place
Sydney NSW 2000

Investigating Accountant
Ernst & Young Strategy and Transactions Limited
The EY Centre
Level 34, 200 George Street
Sydney NSW 2000

Auditor
KPMG Australia Pty Limited
Level 38, Tower 3, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Custodian
Equity Trustees Limited
Level 1, 575 Bourke Street
Melbourne VIC 3000

Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Joint Lead Managers and Underwriters
Macquarie Capital (Australia) Limited
Level 4, 50 Martin Place
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Joint Lead Manager
Morgans Financial Limited
Level 29, 123 Eagle Street
Brisbane QLD 4000

Retail Joint Lead Manager
National Australia Bank Limited
Level 6, 2 Carrington Street
Sydney NSW 2000

Co-Lead Managers
Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Wilsons Advisory and Stockbroking Limited
Level 32 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Craigs Investment Partners
158 Cameron Road
Tauranga 3110
New Zealand

Co-Managers
Escala Partners Pty Ltd
Level 25, 1 Farrer Place
Sydney NSW 2000

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000

Crestone Wealth Management Limited
Level 32, 2 Chifley Square
Sydney NSW 2000

HomeCo Website
https://www.home-co.com.au/

Offer Information Line
+61 1800 990 475 (toll free within Australia)

Health Co.