



HealthCo Healthcare and Wellness REIT  
ARSN 652 057 639  
HCW Funds Management Limited  
ACN 104 438 100, AFSL 239882

## ASX RELEASE

2 September 2021

### HEALTHCO HEALTHCARE AND WELLNESS REIT - PRE-QUOTATION DISCLOSURE

The following information is required to be provided to ASX Limited (**ASX**) for release to the market in connection with the admission of HealthCo Healthcare and Wellness REIT (ARSN 652 057 639) (**HCW**) to the official list of ASX and the quotation of ordinary units in HCW (**Units**).

Capitalised terms which have not been otherwise defined in this document have the meaning given to them in the product disclosure statement lodged by HCW Funds Management Limited (ACN 104 438 100, AFSL 239882) as responsible entity of HCW (**Responsible Entity**) with the Australian Securities and Investments Commission on 2 August 2021 (**PDS**).

#### 1. Units subject to voluntary escrow arrangements

65,000,010 Units (representing 100% of the Units held by Home Consortium Developments Limited) are subject to voluntary escrow until 4.15pm on the date that is one year after the date of issue and allotment of new Units under the Offer, being 2 September 2022.

#### 2. Capital structure

HCW's capital structure as at Completion is set out as follows:

Class	Number
Units	325,153,613

#### 3. Investment Management Agreement

Section 13.3 of the PDS contains a summary of the key terms of the Investment Management Agreement. The following sets out additional information in respect of the Investment Management Agreement:

Item	Summary
How HCW proposes to manage its assets or business after the agreement expires or is terminated before its scheduled expiry	The Investment Management Agreement commenced on 2 August 2021 for an initial term of 10 years and is automatically extended for successive five year terms unless terminated by either the Responsible Entity or the Investment Manager with at least 12 months prior notice.

Item	Summary
	<p>In the event the Investment Management Agreement is terminated before its scheduled expiry or otherwise expires, the Responsible Entity has sufficient internal resources to provide the investment management services or it will otherwise appoint an appropriately qualified external investment management service provider to act as investment manager.</p>
<p>A summary of any provisions that allow the consideration to be paid or provided by HCW to the Investment Manager under the Investment Management Agreement to be reviewed or varied over the term</p>	<p>There are no specific provisions relating to the review or variation of consideration to be paid or provided by the Responsible Entity to the Investment Manager under the Investment Management Agreement; however, the Investment Management Agreement may be amended in writing and signed by or on behalf of the parties.</p>
<p>Whether security holder approval is required, or will be sought, for any material amendment to the management agreement</p>	<p>The Responsible Entity has provided an undertaking to ASX that it will obtain the approval of Unitholders under an ordinary resolution for any material changes to the Investment Management Agreement or provide for any material amendments to be conditional on this approval. A material amendment to the Investment Management Agreement is an amendment that would reasonably be likely or expected to have a material effect on the price or value of the Units.</p>
<p>What processes will be in place to manage the potential conflicts if the Investment Manager proposes to the Responsible Entity that it acquire assets from, or dispose of assets to, the Investment Manager or an associate of the Investment Manager</p>	<p>Under the terms of the Investment Management Agreement, the Investment Manager is required to establish protocols for the prevention and management of conflicts.</p> <p>The Investment Manager has established protocols which will broadly require the following:</p> <ul style="list-style-type: none"> <li>• the Investment Manager will ensure that the assets in question would be properly valued and agreements be entered into on an arm's length basis;</li> <li>• the Responsible Entity has adopted a Conflict of Interest and Related Party Transaction Policy to ensure there are adequate arrangements to identify and manage conflicts of interest or duty and related party transactions;</li> <li>• external solicitors to be used and other independent advice may be sought; and</li> <li>• all such transactions be subject to board approval.</li> </ul>

#### 4. Waiver of ASX Listing Rules

ASX has granted HCW waivers from the following Listing Rules:

- (a) Listing Rule 1.1 (condition 18) to the extent necessary not to require the Responsible Entity to have a remuneration committee if HCW is to be included in the S&P/ASX 300 Index on admission to the official list.

- (b) Listing Rule 6.24 in respect of clause 1 of Appendix 6A to the extent necessary that the rate of a distribution need not be advised to ASX when the distribution record date attaching to that distribution is announced, on condition that an estimated distribution rate is advised to ASX at the time of the announcement and the actual rate is advised to ASX as soon as it becomes known.
- (c) Listing Rule 7.1 to the extent necessary to permit HCW to issue Units to the Responsible Entity and/or the Investment Manager (or its nominee) to act as the day-to-day investment manager of HCW (**Manager**) in lieu of any management fees and expenses payable under the constitution of HCW and an investment management agreement, without obtaining Unitholder approval, subject to the following conditions:
  - (i) HCW makes full disclosure to any person who may subscribe for Units under a product disclosure statement or offer document of the provisions which provide for the periodic issue of Units in lieu of payment of any management and/or performance fees or expenses payable to the Responsible Entity or Manager (**Provisions**);
  - (ii) a completed Appendix 2A is lodged for release to the market for each issue of Units pursuant to the Provisions;
  - (iii) the Units are issued in accordance with the Provisions;
  - (iv) details of the Units issued in lieu of management fees or expenses are disclosed in HCW's annual report each year in which Units are issued; and
  - (v) Unitholder approval is sought every third year for the issue of Units in lieu of any management or performance or expenses fees payable to the Responsible Entity or under the investment management agreement.
- (d) Listing Rule 10.1, for a period of six years from 27 August 2021 to the extent necessary to permit HCW to acquire or enter into or extend the term of a lease with each of Aurrum Childcare and Aurrum Aged Care (together, the **Related Parties**) for any HCW property where the lease is a substantial asset of HCW, taking into account payments for the fixed term of the lease and/or any extensions to the lease (whether by agreement or upon the exercise of an option), without obtaining Unitholder approval on the following conditions:
  - (i) each Annual Report for HCW sets out clearly the terms and conditions of the leases entered into between HCW and the Related Parties for the period since the last Annual Report;
  - (ii) the lease agreements between HCW and the Related Parties for each HCW property continue to be on substantially the standard terms and conditions established by the parties from time to time for leases of HCW properties;
  - (iii) the lease agreement in each case contains appropriate mechanisms, in the opinion of ASX, for the periodic determination of the rent of a HCW property, as follows:
    - (A) In the case of the initial fixed term of a new lease or an extension to an existing lease (to be not longer than 10 years), the relevant terms must provide:
      - 1. for commencing rent that before the lease is entered into (or extended) has been assessed by HCW to be current market rent and which shall be confirmed to be the current market rent

- at the commencement of the term by an independent licensed valuer to HCW; and
2. for annual increases during each year after the first year of the lease (or extension) of either a fixed rate or the increase in the Consumer Price Index or a combination of both, which increase has been assessed by HCW before the lease is entered into to be consistent with market practice and which shall be confirmed by an independent licensed valuer to HCW to be consistent with market practice.
- (B) In the case of each term following the exercise of an option to renew a lease, the relevant terms must provide:
1. for determining at least every 10 years the current market rent to be paid for each HCW property, including the provision of advice by an independent licensed valuer to HCW on the current market rental value; and
  2. that no lower rent than the current market rental value shall be paid for each property (other than that the variation may be capped such that the new annual rent will be no greater than 10% (or some larger amount) higher than the total rent payable for the year preceding the date for review of the market rental value); and
- (iv) HCW provides a written undertaking, in a form acceptable to ASX, that no one individual licensed valuer will provide valuations for the purposes of independent valuations for acquisitions and disposals of real estate, or advice for market rent reviews or calculations on existing or proposed leases or lease extensions, in relation to more than 40% in number of the properties held by HCW during the previous rolling five year period.
- (e) Listing Rule 10.1, in connection with the entry by the Responsible Entity into the Co-Investment Framework Agreement, that will provide each party with pre-emptive rights to acquire an interest in the other party's jointly owned assets (**Pre-emptive Rights**), subject to the following conditions:
- (i) adequate disclosure of the Co-Investment Framework Agreement and the Pre-emptive Rights are included in the PDS, and is disclosed to any person who may subscribe for Units under a product disclosure statement;
  - (ii) HCW includes in each annual report a summary of the material terms of the Co-Investment Framework Agreement and Pre-emptive Rights, including details of any variations to the Co-Investment Framework Agreement and Pre-emptive Rights in the relevant period, for as long as it or any replacement agreement applies; and
  - (iii) the price at which a jointly owned property under the Co-Investment Framework Agreement is acquired, or disposed of by HCW is determined in accordance with pricing mechanisms contained in the Co-Investment Framework Agreement.
- (f) Listing Rule 10.11 to the extent necessary to permit HCW to issue Units to the Responsible Entity and/or the Manager in satisfaction of payment of any management fees and expenses payable under the constitution of HCW and an

investment management agreement, without obtaining Unitholder approval, subject to the following conditions:

- (i) HCW makes full disclosure to any person who may subscribe for Units under a product disclosure statement or offer document of the Provisions;
- (ii) a completed Appendix 2A is lodged for release to the market for each issue of Units pursuant to the Provisions;
- (iii) the Units are issued in accordance with the Provisions;
- (iv) details of the Units issued in lieu of management or performance fees or expenses are disclosed in HCW's annual report each year in which units are issued; and
- (v) Unitholder approval is sought every third year for the issue of Units in lieu of any management or performance or expenses fees payable to the Responsible Entity or under the investment management agreement.

Authorised for release by the Board of the Responsible Entity