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## **Related Party Transactions Protocol**

**HealthCo Healthcare and Wellness REIT**

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# HealthCo Healthcare and Wellness REIT

## Related Party Transactions Protocol

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### 1. Purpose

- 1.1. The Group has implemented a Related Party Transactions Policy (**RPT Policy**) to mitigate the risk of regulatory breaches and to ensure that the Group complies with:
  - its fiduciary duties, including to act in the best interests of unitholders;
  - the *Corporations Act 2001* (Cth) (**Corporations Act**); and
  - the ASX Listing Rules.

For the purposes of this Policy, the Group means HCW Funds Management Limited (**RE**) as responsible entity for HealthCo Healthcare and Wellness REIT (**HealthCo**) and any entities owned and controlled, either beneficially or legally, by HealthCo or the RE.
- 1.2. The Group's RPT Policy is attached to this document as **Annexure A**.
- 1.3. Unless an exception under the Corporations Act applies, for example the transaction is on arms' length terms, a financial benefit can only be given to a related party where unitholder approval has been granted and the financial benefit is given within 15 months of such approval.
- 1.4. In addition to the Corporations Act requirements for related party transactions, under the ASX Listing Rules, the Group is required to obtain unitholder approval to acquire a substantial asset from, or dispose of a substantial asset to a related party, subsidiary or substantial unitholder.
- 1.5. All related party transactions involving a Group entity must be approved by the board of directors of the RE (**Board**).
- 1.6. The RE has implemented this protocol (**Protocol**) which provides details of the steps to be taken in identifying a proposed related party transaction and submitting the transaction for approval by the Board.

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### 2. Protocol

#### Step 1 - Identification of Related Party Transaction

- 2.1. Prior to the entry by any Group entity into any transaction, HealthCo management must first determine by reference to the RPT Policy whether or not the counterparty to the transaction is a related party.
- 2.2. Related parties of the Group include:
  - (a) an entity that controls the Group;
  - (b) the directors (and their immediate family members) of the Group (and any nominee unitholder with whom they are associated), or any entity referred to in (a);
  - (c) any entity which is controlled by a related party referred to in (a) or (b) (including any listed or unlisted trust for which any related party acts in a trustee or manager capacity);
  - (d) any entity which was a related party of the Group in the previous six months; or
  - (e) an entity that believes it will become a related party in the future;
  - (f) an entity acting in concert with a related party; and

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- (g) any other person who is a related party of the Group prescribed by the Corporations Act (each a Related Party).
- 2.3. Where management considers that a transaction is or may be a related party transaction, management must notify the Company Secretary or General Counsel of the RE (**Company Secretary**) of the proposed transaction.
- 2.4. Upon confirmation by the Company Secretary that the transaction is a related party transaction, the procedures in this protocol must be followed prior to the entry by any Group entity into the proposed transaction.
- 2.5. Where the Company Secretary determines that the proposed transaction is not considered to be a related party transaction, these protocols do not apply.

### Pre-approved transactions

- 2.6. A list of pre-approved related party transactions is included in section 4.16 of the RPT Policy.
- 2.7. All pre-approved transactions must also be notified to the Company Secretary.
- 2.8. If a proposed related party transaction is a pre-approved transaction, the Audit and Risk Committee does not need to be notified and Board approval is not required.

### Step 2 - Prepare and provide briefing paper

- 2.9. Upon confirmation by the Company Secretary that the proposed transaction is a transaction to which the RPT Policy applies, Management must provide the Company Secretary with all the information which the Audit and Risk Committee may reasonably require in examining the transaction for the purposes of making a recommendation to the Board, including (but not limited to) the following:
  - a) a summary of the key commercial and legal terms to apply to the transaction;
  - b) details of all counterparties to the transaction;
  - c) the business purpose of the transaction;
  - d) any other material factors of the proposed related party transaction; and
  - e) confirmation that the proposed transaction is or is not considered to be on arms' length term and a detailed analysis as to how such a conclusion has been determined. A checklist

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of factors to be taken into consideration in determining whether a transaction is on arms' length terms is set out in Annexure 1 of the RPT Policy. This checklist is not exhaustive.

- 2.10. The details outlined above in section 2.9 must be provided in the form of a briefing paper which the Company Secretary will provide to the Audit and Risk Committee.

### **Step 3 - Consideration and Approval by the Audit and Risk Committee**

- 2.11. The Company Secretary must convene a meeting Audit and Risk Committee in accordance with the procedural requirements in Section 5 of the Audit and Risk Committee Charter.
- 2.12. The Audit and Risk Committee must consider the proposed transaction in accordance with the procedural requirements in Section 5 of the Audit and Risk Committee Charter.
- 2.13. The Committee will consider the information provided in order to determine the recommendation to be made to the Board. In considering the information, the Committee may seek further advice from appropriately qualified advisers and professionals as required.
- 2.14. In providing its recommendation, the Audit and Risk Committee must consider, among other things:
- (a) if it is in the best interests of existing unitholders;
  - (b) the terms negotiated of the transaction and whether they are as good as, or better than HealthCo would receive if it were dealing at arm's length on a commercial basis;
  - (c) the documentation relating to the proposed related party transaction, including records to justify the price and any other terms and conditions upon which the transaction is proposed to be entered into, in particular the rationale for entering into the transaction;
  - (d) if relevant, any independent reports as to the reasonableness of the price and other terms and conditions; and
  - (e) if it is a transaction being considered by the Investment Committee, those factors relevant to the Investment Committee's decision in accordance with the Investment Committee Charter.
- 2.15. The Audit and Risk Committee must make a recommendation to the Board as to whether (a) the related party transaction should be approved, or (b), where the transaction is not considered

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to be on arms' length terms, unitholder approval is required to be sought in relation to the related party transaction.

### Step 4 - Notification of the Board of Directors

2.16. Following the meeting:

- a) the Company Secretary must convene a meeting of the Board to consider the proposed transaction in accordance with Section 7 of the Board Charter;
- b) the Chair of the Audit and Risk Committee must report to the Board on the Audit and Risk Committee's recommendation; and
- c) the Company Secretary must prepare minutes of the Committee meeting to provide to the Board, together with the RPT Briefing Paper and any other materials considered relevant to consideration of the proposed transaction.

### Step 5 - Consideration and approval by the Board of Directors

2.17. When considering any proposed related party transaction, the Board must have regard to the protocols in Section 12 of the Board Charter.

2.18. As required by Section 10 of the Board Charter, all directors are required to keep confidential all information provided to them in their capacity as a director in connection with their consideration of any related party transaction and they must not disclose or improperly use such information.

2.19. The Board will consider the information provided in order to determine whether and how to proceed with the proposed transaction. In considering the information, the Board may seek further advice from appropriately qualified advisers and professionals as required.

2.20. Any person with a material personal interest in the proposed transaction must:

- not be present for the discussion regarding the proposed transaction; and/or
- not vote on the matter.

2.21. For the avoidance of doubt, any director with a material personal interest in the transaction must leave the room while the matter is being considered and must not vote on the transaction, unless permitted to do so under the Conflict of Interest and Related Party Transactions Policy.

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## **Annexure A - Related Party Transactions Policy**