

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Regis Healthcare Limited (ASX:REG) (Regis)

ACN/ARSN ACN 125 203 054

1. Details of substantial holder (1)

Name Washington H. Soul Pattinson and Company Limited (WHSP)

ACN/ARSN (if applicable) ACN 000 002 728

The holder became a substantial holder on 19/11/2020

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	81,910,479	81,910,479	27.23% (based on 300,780,573 ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Ashburn Pty Ltd as trustee for the Dorman Family Trust	Holder of fully paid ordinary shares (section 608(1)(a) Corporation Act)	81,910,479 ordinary shares
Bryan Anthony Dorman	Controlling Shareholder and director of Ashburn Pty Ltd (section 608(3)(a) and (b) Corporations Act)	81,910,479 ordinary shares
Washington H. Soul Pattinson and Company Limited	Pursuant to a Commitment Deed between WHSP and Bryan Anthony Dorman dated 19/11/2020 (See Annexure A) WHSP has the power to: (i) control the exercise of a right to vote; and (ii) control the exercise of a power to dispose of, ordinary shares in Regis representing 19.9% of all voting shares in Regis.	59,855,334 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Ashburn Pty Ltd as trustee for the Dorman Family Trust; Bryan Anthony Dorman; and Washington H. Soul Pattinson and Company Limited	Ashburn Pty Ltd as trustee for the Dorman Family Trust	Ashburn Pty Ltd as trustee for the Dorman Family Trust	81,910,479 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows: N/A

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
N/A			

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Ashburn Pty Ltd as trustee for the Dorman Family Trust	Acting in concert with WHSP pursuant to section 15(1)(a) of the Corporations Act 2001 (Cth)
Bryan Anthony Dorman	Acting in concert with WHSP pursuant to section 15(1)(a) of the Corporations Act 2001 (Cth) by being party to a Commitment Deed with WHSP dated 19/11/2020 (See Annexure A)

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
WHSP	Level 14, 151 Clarence Street, Sydney NSW 2000
Bryan Anthony Dorman	PO Box 660 Hawthorn VIC 3122
Ashburn Pty Ltd as trustee for the Dorman Family Trust	PO Box 660 Hawthorn VIC 3122

Signature

print name Ida Lawrance capacity Company Secretary

sign here  date 19 November 2020

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).


See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A – Commitment Deed

Washington H. Soul Pattinson and Company Limited (ACN 000 002 728)

This is Annexure A of 17 pages referred to in Form 603 – Notice of Initial Substantial Holder

Print Name: Ida Lawrance

Sign Here 

Capacity: Company Secretary

Date 19 November 2020

For personal use only



Commitment Deed

relating to Regis Healthcare Limited

—

Washington H Soul Pattinson & Co Ltd (**WHSP**)

Ashburn Pty Ltd (**Founder**)

—

Commitment Deed

relating to Regis Healthcare Limited

Details	3
Agreed terms	4
1. Defined terms & interpretation	4
1.1 Defined terms	4
1.2 Interpretation	5
1.3 Headings	5
2. Proposed acquisition of Target	5
3. Joint bid relief condition	6
3.1 Conditional	6
3.2 ASIC application and undertakings	6
4. Pursuit of Proposed Transaction	6
4.1 Pursuit of Proposed Transaction	6
5. Acquisition structure	7
5.1 Ownership Structure, governance and funding	7
6. Disclosure and confidentiality	7
6.1 Disclosures	7
6.2 Confidentiality obligations	7
6.3 Exceptions	7
7. Exclusivity	8
7.1 No existing discussions	8
7.2 No shop and no talk	8
7.3 Dealing in Target Securities	8
7.4 Voting	8
7.5 Notification of approaches	8
8. Transaction Costs	9
9. Termination	9
9.1 Termination	9
10. Miscellaneous	9
10.1 Alterations	9
10.2 Approvals and consents	9
10.3 Assignment	9
10.4 Survival	9
10.5 Counterparts	9
10.6 No merger, entire agreement, further action	10
10.7 Severability and waiver	10
10.8 Relationship	10
10.9 Governing law and jurisdiction	10
Signing page	11

Details

Date 19 November 2020

Name **Washington H Soul Pattinson & Co Ltd**
ABN 49 000 002 728
Short form name **WHSP**
Notice details Level 14, 135-151 Clarence Street
Sydney NSW 2000
Attention: Todd Barlow

Name **Ashburn Pty Ltd (ACN 005 883 438) in its capacity as trustee of the Dorman Family Trust**
Short form name **Founder**
Notice details Level 5, Suite 1, 437 St Kilda Road
Melbourne VIC 3004
Attention: Bryan Dorman

Background

- A The parties wish to put a joint take private proposal to Regis Healthcare Limited (**Target**) to acquire 100% of the shares of Target by scheme of arrangement.
 - B The consideration to be offered to Target shareholders would include both cash and scrip alternatives, the scrip being shares in a holdco acquisition structure (**HoldCo**).
 - C Founder would elect to accept scrip consideration in relation to all of its Target shares.
 - D WHSP would fund all of the cash consideration required to implement the scheme of arrangement.
- (together, the **Proposed Transaction**).
- E WHSP and Founder have agreed to work together to formulate the further particulars of the Proposed Transaction in accordance with this deed.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed:

ASIC means the Australian Securities and Investments Commission.

Associate has all of the following meanings (cumulatively):

- (a) the meaning given by section 12 of the Corporations Act, as if section 12(1) of that Act included a reference to this deed and Target was the designated body;
- (b) the meaning given by section 12 of the Corporations Act, as if section 12(1) of that Act included a reference to this deed and the bidder entity to be established by the parties was the designated body; and
- (c) the meaning given by section 15 of the Corporations Act.

Business Day means:

- (a) for receiving a notice under this deed, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales, Australia.

Business Hours means from 9.00am to 5.00pm on a Business Day.

Competing Proposal means any expression of interest, proposal or offer by any person (other than the parties) in relation to a bid, scheme, joint venture, acquisition requiring shareholder approval, disposal requiring shareholder approval, capital reduction, share buy-back, reverse takeover, spin off, recapitalisation, purchase or disposal of a main undertaking, share issue or in specie distribution or in relation to any other action under which:

- (a) a person (together with its Associates) may acquire a Relevant Interest in Target Securities that would result in any person (together with its Associates) having a Relevant Interest in more than 15% of one or more classes of securities of Target (or in the proportion of any class of securities of Target in which it has a Relevant Interest increasing above 15%);
- (b) any person (together with its Associates) may acquire or begin to have Voting Power of more than 15% in Target (or increase its Voting Power above 15%);
- (c) Target would Transfer or (other than in the ordinary course of business) encumber a substantial or material part of its assets;
- (d) a person (together with its Associates) may acquire control of Target or of a substantial or material part of Target's subsidiaries or assets within the meaning of section 50AA of the Corporations Act;
- (e) a person may otherwise merge or amalgamate with Target; or
- (f) implementation would prevent the parties from acquiring (or be conditional on the parties not acquiring) all Target Securities pursuant to the Proposed Transaction.

Confidential Information means any of the following which is not in the public domain:

- (a) information concerning the contents of any transaction undertaken in accordance with the Proposed Transaction;
- (b) information concerning WHSP, Target or Founder;
- (c) all notes and reports incorporating or derived from information referred to in paragraph (a) or (b); and
- (d) all copies of the information, notes and reports referred to in paragraphs (a) to (c).

Corporations Act means the *Corporations Act 2001* (Cth).

Effective Time means the time and date that this deed is executed and exchanged by all the parties.

Exclusivity Period means the period from and including the Effective Time to the date of termination of this deed in accordance with clause 9.

Related Body Corporate has the meaning given in the Corporations Act, and Related Bodies Corporate has the corresponding meaning.

Relevant Interest has the meaning given in the Corporations Act.

Sunset Date means the date that is 12 months after the date of this deed, or such other date as agreed in writing by WHSP and Founder.

Third Party means a person other than WHSP, Founder and each of their Related Bodies Corporate and Associates.

Voting Power has the meaning given in the Corporations Act.

1.2 Interpretation

In this deed, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to time is to Sydney, Australia time;
- (f) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (j) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (k) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it; and
- (l) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Proposed acquisition of Target

- (a) The key objective of this deed is to set out the manner in which the parties have agreed to progress and implement the Proposed Transaction as contemplated in the draft non-binding indicative proposal set out in Annexure A.

- (b) Each party agrees to act in good faith in its dealings with the other in relation to the Proposed Transaction and to take all steps reasonably required by the other party to give effect to this deed and the Proposed Transaction.

3. Joint bid relief condition

3.1 Conditional

To the extent that any provision or aspect of this deed would give a party a Relevant Interest in Target securities that would result in that party's, or any other person's, Voting Power in Target exceeding 20%, that provision or aspect of this deed, solely to the extent that it results in a party's Voting Power exceeding 20%, is conditional on:

- (a) a resolution under item 7 in the table in section 611 of the Corporations Act being passed, approving the acquisition of those Relevant Interests; or
- (b) ASIC exempting the acquisition of those Relevant Interests from Chapter 6 of the Corporations Act under section 655A of the Corporations Act.

For the avoidance of doubt, all provisions and aspects of this deed that give a party Voting Power in Target securities of less than 19.9% are unconditional.

3.2 ASIC application and undertakings

- (a) WHSP must apply, on behalf of the parties, to ASIC for the exemption referred to in clause 3.1(b) above as soon as reasonably practicable to ensure the exemption is obtained prior to entering into binding documents with the Target to effect the Proposed Transaction. Founder must provide such information and assistance as WHSP reasonably requires to make that application.
- (b) Subject to paragraph (c), if ASIC grants the exemption referred to in clause 3.1(b) subject to some or all of the conditions set out in Table 9 of ASIC Regulatory Guide 9 (or indicates that it will grant the exemption subject to some or all of those conditions) then the parties must give any undertakings required by ASIC in relation to those conditions, and must do the things contemplated by those conditions.
- (c) Nothing in this deed, obligates Founder to provide an undertaking in relation to Condition 2 in Table 9 of ASIC Regulatory Guide 9 and if the exemption referred to in clause 3.1(b) cannot be obtained without inclusion of that Condition 2 Founder may terminate this deed on 10 Business Days' notice.

4. Pursuit of Proposed Transaction

4.1 Pursuit of Proposed Transaction

The parties must:

- (a) cooperate with each other to implement the Proposed Transaction;
- (b) keep each other informed on a timely basis of all developments and issues which may affect the implementation or success of the Proposed Transaction;
- (c) consult with each other with a view to agreeing strategies, making decisions, and considering changes to this deed to implement the Proposed Transaction;
- (d) provide all information necessary for the preparation of all documents required to implement the Proposed Transaction and to execute the Proposed Transaction effectively; and
- (e) not do anything that is reasonably likely to, or intended to prejudice, the prospects of the Proposed Transaction proceeding.

5. Acquisition structure

5.1 Ownership Structure, governance and funding

The parties agree to work together to refine the structure of the Proposed Transaction including in relation to the establishment of the joint bidding vehicle and the governance and funding arrangements related thereto.

6. Disclosure and confidentiality

6.1 Fiduciary duties

WHSP acknowledges that Bryan Dorman is a director of Target and has existing obligations of confidence and fiduciary duties in respect of Target. Nothing in this deed requires Founder or Bryan Dorman to disclose any Confidential Information in relation to Target or its Related Bodies Corporate or take any step contrary to Bryan Dorman's duties as a director of Target.

6.2 Disclosures

The parties must:

- (a) cooperate with each other to make; and
- (b) provide to each other such information as is necessary to enable each other to make, the disclosures required by Part 6C.1 of the Corporations Act.

6.3 Confidentiality obligations

Each party must:

- (a) use the Confidential Information only for the purposes of the Proposed Transaction;
- (b) keep the Confidential Information confidential and not disclose it or allow it to be disclosed to a third party except:
 - (i) with the prior written approval of the other party; or
 - (ii) to officers, employees and consultants or advisers of the party (or its related bodies corporate) who have a need to know (and only to the extent that each has a need to know) and are aware that the Confidential Information must be kept confidential; and
- (c) take or cause to be taken reasonable precautions necessary to maintain the secrecy and confidentiality of the Confidential Information.

6.4 Exceptions

The obligations of confidentiality under this deed do not extend to information (whether before or after this deed is executed):

- (a) that is disclosed to a party, but at the time of disclosure is rightfully known to or in the possession or control of the party and not subject to an obligation of confidentiality on the party;
- (b) that is public knowledge (except because of a breach of this deed or any other obligation of confidence);
- (c) to the extent that it is required to be disclosed by law or any order of any court, tribunal, authority or regulatory body or in connection with the enforcement of this deed or by the rules of a stock exchange; or
- (d) to the extent that a party wishes to disclose it to an adviser of the party, provided that the disclosure is made on a confidential basis.

7. Exclusivity

7.1 No existing discussions

- (a) Founder represents and warrants that it and each of its Associates and Related Bodies Corporate are not currently in negotiations or discussions with any person in relation to a Competing Proposal.
- (b) Founder must immediately terminate (and must procure that any relevant Associate or Related Body Corporate terminates) any negotiations or discussions in relation to any Competing Proposal.

7.2 No shop and no talk

During the Exclusivity Period, Founder must not, and must procure that each of its Related Bodies Corporate and Associates do not, directly or indirectly:

- (a) solicit, initiate, facilitate, encourage or invite any Competing Proposal or any discussions or activities which may lead to a Competing Proposal; or
- (b) participate in any discussions or activities with a Third Party or furnish any information to a Third Party that relates to a Competing Proposal, or which may lead to a Competing Proposal.

7.3 No dealing in Target Securities

- (a) During the Exclusivity Period Founder must not, and must procure that each of its Related Bodies Corporate and Associates do not, sell, transfer, assign, create or permit to subsist any lien, charge or other encumbrance over or otherwise deal with:
 - (i) any Target securities during the period commencing on the Effective Time and ending 3 months thereafter; and
 - (ii) Target securities that represent a Relevant Interest in Target of 19.9%.
- (b) For avoidance of doubt, other than the restriction set out in clause 7.3(a)(i), this deed creates no restriction on Founder in relation to dealing in Target shares other than Target shares representing a Relevant Interest in Target of 19.9%.

7.4 Voting

During the Exclusivity Period:

- (a) Founder must not, and must procure that each of its Related Bodies Corporate and Associates do not, vote any Target shares representing a Relevant Interest in Target of 19.9% in favour of any Competing Proposal.
- (b) Founder will procure that all Target shares that it and each of its Related Bodies Corporate and Associates own or control that represent a Relevant Interest in Target of 19.9% are voted in favour of the Proposed Transaction at the scheme meeting (and an election to receive scrip consideration is made in relation to those shares).
- (c) For avoidance of doubt, this deed creates no restriction on Founder in relation to voting any other Target shares other than Target shares representing a Relevant Interest in Target of 19.9%.

7.5 Notification of approaches

During the Exclusivity Period, Founder must within 24 hours notify WHSP in writing if it is approached, or if it becomes aware that any of its Related Body Corporates or Associates has been approached, by any Third Party in connection with an actual or potential Competing Proposal, and such notice must set out (to the extent known to Founder) the identity of the Third Party making the actual or potential Competing Proposal and all material terms and conditions of the actual or potential Competing Proposal.

8. Transaction Costs

- (a) If the Proposed Transaction is implemented, then HoldCo will bear the total costs of the Proposed Transaction (**Total Costs**), being the aggregate out-of-pocket costs and expenses incurred by each party in connection with the Proposed Transaction including in relation to:
- (i) financial, tax, investment banking and legal and / or other professional advisers; and
 - (ii) the negotiation and implementation of the Proposed Transaction (including all due diligence activities).
- (b) If the Proposed Transaction is not implemented and the parties do not acquire 100% of the shares in Target that they do not already own, then each party shall bear its own costs.
- (c) In the event this deed is terminated following a material breach by one party, then that party that is in breach will bear the total costs of all parties.
- (d) To the extent that Target pays a break fee or cost reimbursement fee to or for the benefit of HoldCo or the bidder entity of the parties (as applicable) in relation to the Proposed Transaction, the parties agree to procure that all such fees are paid or applied to the benefit of WHSP.

9. Termination

9.1 Termination

In addition to the circumstances set out in clause 3.2(c), this deed will terminate upon the earlier of:

- (a) the implementation of the Proposed Transaction;
- (b) the Business Day after withdrawal from or termination of the Proposed Transaction by WHSP;
- (c) either party electing to terminate this deed following the material breach (unremedied after 5 Business Days) of the other party; and
- (d) the Sunset Date.

10. Miscellaneous

10.1 Alterations

This deed may only be altered in writing signed by each party.

10.2 Approvals and consents

Except where this deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this deed.

10.3 Assignment

A party may only assign this deed or a right under this deed with the prior written consent of each other party.

10.4 Survival

Any indemnity and any obligation of confidentiality under this deed is independent and survives termination of this deed. Any other provision by its nature intended to survive termination of this deed survives termination of this deed.

10.5 Counterparts

This deed may be executed in counterparts. All executed counterparts constitute one document.

10.6 No merger, entire agreement, further action

- (a) The rights and obligations of the parties under this deed do not merge on completion of any transaction contemplated by this deed.
- (b) This deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.
- (c) Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this deed and transactions contemplated by it.

10.7 Severability and waiver

- (a) Part or all of a provision of this deed that is illegal or unenforceable may be severed from this deed and the remaining parts of the provision or provisions of this deed continue in force.
- (b) A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

10.8 Relationship

Unless expressly stated, this deed does not create a relationship of employment, trust, agency or partnership between the parties.

10.9 Governing law and jurisdiction

This deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

Signing page

EXECUTED and delivered as a deed in Sydney.

Executed as a deed by **Washington H Soul
Pattinson & Co Ltd** in accordance with
Section 127 of the *Corporations Act 2001*



Signature of director

R.D. MILLNER

Name of director (print)



Signature of director

TODD BARLOW

Name of director (print)

Executed as a deed by **Ashburn Pty Ltd**
in its capacity as trustee of the **Dorman
Family Trust**



Signature of director

BRYAN ANTHONY DORMAN

Name of director (print)

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Annexure A

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19th November 2020

Graham Hodges
Chairman
Regis Healthcare Limited
Level 2, 615 Dandenong Road
Armadale Victoria 3143

Revised non-binding indicative proposal to acquire Regis Healthcare Limited

Dear Graham,

We refer to our non-binding indicative proposal to acquire Regis Healthcare Limited dated 30 September 2020, in which Washington H. Soul Pattinson and Company Limited (“WHSP”) in partnership with a financial party put forward a good-faith proposal to acquire 100% of Regis Healthcare Limited (“Regis” or the “Company”) via a scheme of arrangement (“Initial Proposal”).

The nature and pace of residential aged care reform remains highly uncertain against a backdrop of diminished public confidence in sector operators. Many of the recently proposed recommendations before the Royal Commission into Aged Care Quality and Safety have called for significant increases to the standard of care, staffing and training levels and other associated operating costs. Despite these ongoing challenges, since communicating our Initial Proposal we have received very limited engagement from Regis and have been unable to meaningfully progress our proposal. Notwithstanding, we remain committed to pursuing an acquisition and believe that our proposal continues to offer compelling value for shareholders in a highly uncertain environment.

In recent days, we engaged with Regis co-founder and major shareholder Mr Bryan Dorman, who has indicated that he believes the proposal to be a highly compelling and attractive proposition for shareholders, and Ashburn Pty Ltd as trustee for the Dorman Family Trust has indicated an intention to partner with WHSP in making this proposal. Ashburn Pty Ltd controls 27.2% of Regis’ ordinary shares on issue.

Accordingly, WHSP, jointly with Ashburn Pty Limited (together with their affiliates, the “Consortium” or “we”), are pleased to submit this non-binding, revised indicative proposal (the “Revised Proposal”) to acquire 100% of the diluted share capital of Regis not already controlled by Ashburn Pty Ltd, via a scheme of arrangement (“Scheme”) on terms outlined in this letter (“Proposed Transaction”).

We hope our Revised Proposal is interpreted as further evidence of our commitment to engage collaboratively with the Board of Regis to progress the Proposed Transaction to achieve an attractive outcome for Regis’ shareholders. This letter has been prepared in contemplation that Mr Dorman will not participate in any meetings or deliberations of the full Regis Board to the extent that he is conflicted from doing so in connection with the Revised Proposal.

Consistent with WHSP’s Initial Proposal, under the Revised Proposal, Regis shareholders will retain the flexibility and choice to:

- a) realise certain value for their shares at a significant premium to recent trading levels at a time of high market volatility, as well as macroeconomic and sector uncertainty facing the Company; or
- b) alternatively, remain invested in the Company and benefit from the Consortium’s stewardship in a private setting.

Washington H. Soul Pattinson and Company Limited
ABN: 49 000 002 728

Level 14, 151 Clarence Street, Sydney NSW 2000 | GPO Box 479, Sydney NSW 2001
T +61 2 9210 7070 F +61 2 9210 7077 www.whsp.com.au

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Details of our Revised Proposal

We believe that our proposed price of A\$1.85 per share ("Proposal Price") represents a compelling opportunity for Regis' shareholders to realise certain value for their investment at a significant premium to recent trading levels. The Proposal Price represents a:

- 25% premium to A\$1.475, being the closing price of Regis shares on 19th November 2020;
- 59% premium to A\$1.163, being the 1-month VWAP¹ of Regis shares on 19th November 2020; and
- 64% premium to A\$1.125, being the 3-month VWAP² of Regis shares on 19th November 2020.

Accordingly, we believe this Revised Proposal will be well received by Regis' Shareholders once it is put to them and expect that the Scheme will receive strong support.

The Proposal Price values Regis' equity at A\$557 million and an enterprise value of A\$773 million and assumes:

- a) 300,864,736 ordinary shares outstanding (including performance rights and share rights);
- b) net debt of A\$216 million (adjusted for \$21 million expected to be received from the sale of land at Palm Beach, Queensland); and
- c) No dividends, distributions or reductions in capital declared after the date of this letter.

The Consortium proposes two alternative forms of consideration to Regis shareholders, being full cash consideration ("Cash Default") or a scrip alternative in a newly incorporated acquisition entity (the "Scrip Alternative"). The Scrip Alternative is being proposed to appeal to those Regis shareholders who may wish to retain an investment in the Company after it has been taken private. We envisage that the specifics of the Scrip Alternative be refined and agreed with the Regis Board during the negotiation of the implementation agreement.

About the Consortium

WHSP is a leading Australian investment house with a long history of investing in a diverse range of industries. WHSP has been a key feature of the Australian healthcare landscape since its inception in 1903, when it was formed via the merger of two pharmacy operators. Since this time, it has broadened its investment portfolio to diverse sectors including telecommunications, pharmaceuticals, property, construction, resources, financial services and retirement living. WHSP is the second oldest publicly listed company on the ASX, with a current market capitalisation of A\$6.9 billion and is one of only a few listed companies that has been successfully managed by the same family from the outset.

WHSP holds a diversified portfolio of uncorrelated investments across listed equities, private equity, property and loans. Its flexible mandate is a key advantage to generating returns by allowing WHSP to make long-term investment decisions and adjust the portfolio by changing the mix of investment classes over time. WHSP's objective is to deliver superior returns to its shareholders by creating capital growth along with steadily increasing dividends. WHSP has a strong track record of delivering outperformance over the long-term, with WHSP increasing its ordinary dividends per share every year since 2000 at a compound annual growth rate of 9.2%.

Ashburn Pty Ltd is the trustee of the Dorman Family Trust and is associated with Mr Bryan Dorman. Mr Dorman is a founding director and, through the Dorman Family Trust, founding shareholder of Regis. From its commencement

¹ VWAP is calculated based on market value traded on the ASX divided by the market volume traded on the ASX. VWAP calculated from 20th October 2020 to 19th November 2020 (inclusive).

² VWAP is calculated based on market value traded on the ASX divided by the market volume traded on the ASX. VWAP calculated from 20th August 2020 to 19th November 2020 (inclusive).

in the early 1990s until 2014, Bryan was the Chairman of Regis (and Executive Chairman until 2008) – during which time he oversaw the management and growth of the Company. Bryan was also the National President of the former aged care industry body, the Aged Care Association of Australia, from 2004 to 2012, and was actively involved in the development of the industry and shaping its future.

We have identified a minority private financial investor who may join the Consortium prior to announcement of a definitive transaction. Our Revised Proposal is not conditional on their participation.

Approvals

The members of the Consortium are proudly Australian owned and operated and accordingly do not require FIRB approval.

Subject to confirmation by legal advisers, we do not expect that there will be any Australian regulatory approvals required (outside the normal scheme process).

Funding

The Consortium envisages that the Proposed Transaction would be funded through equity contributions from the Consortium partners. We do not propose to include any funding conditions associated with the offer. Equity funding for the Proposed Transaction is expected to be provided by cash, undrawn credit facilities and other liquid financial assets on WHSP's balance sheet (totalling approximately A\$0.7 billion at 31 July 2020).

Due diligence

On account of Mr Dorman's duties as a Director of Regis, he has not provided any non-public information to WHSP.

WHSP has conducted significant due diligence on the Company and industry based solely on public information and extensive consultation with industry experts. Accordingly, WHSP is confident that it can complete a focused due diligence program on an expedited basis with minimal disruption to the business and management and seeks only a period of 4 weeks' exclusivity in which to complete confirmatory due diligence investigations.

We would like to work collaboratively with Regis to agree a timeframe for disclosure of information.

Upon completion of that confirmatory due diligence, we expect to be in a position to submit a fully financed Binding Offer to the Board of Regis.

Transaction structure

The Consortium envisage that the Proposed Transaction would be implemented via a Scheme of Arrangement, supported by a continuing unanimous recommendation from Regis' Board of Directors that Regis shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude that the Scheme is in the best interests of Regis shareholders.

We anticipate that an acquisition of the Company would be made by a newly formed entity established by the Consortium or their affiliates.

Conditions to a binding offer

Implementation of the Proposed Transaction would be conditional upon entry into a mutually agreed implementation agreement and subject to the following:

- the satisfactory completion of WHSP's due diligence enquiries;

- approval from the respective Board and Investment Committees of each Consortium; and
- Joint bid relief granted by ASIC in respect of arrangements between WHSP and Ashburn Pty Ltd.

We envisage that the due diligence period would be used to negotiate an implementation agreement containing undertakings and conditions consistent with market norms, including the following:

- Each Regis Director of the full Board, recommends, and continues to recommend, that Regis shareholders vote in favour of the Scheme, subject to no superior proposals and customary fiduciary carve outs;
- Each Regis Director of the full Board intends to vote any shares that they control in favour of the Scheme, subject to no superior proposals and customary fiduciary carve outs;
- Receipt of all necessary regulatory approvals, waivers and consents (if applicable);
- Approval by the requisite majority of Regis shareholders;
- Exclusivity provisions, customary of a transaction of this nature, including “no-talk”, “no-shop” and “no-due diligence” restrictions, notification obligation and a matching right (with appropriate fiduciary outs, consistent with market practice);
- A “break-fee” of 1% of the Regis equity value of the transaction implied by the Proposal Price;
- No prescribed occurrences;
- No material adverse change in Regis;
- All change of control consents are received for all material contracts;
- Joint preparation of all Regis shareholding communications and support covenants;
- A commitment to work towards an agreed timetable;
- Certain warranties and undertakings about the business (including, but not limited to, no changes to the capital structure of Regis, no dividends, no material acquisitions or dispositions, no insolvency events, or certain other prescribed occurrences);
- All options and performance rights in relation to Regis are cancelled on terms acceptable to the Consortium; and
- Other customary conditions.

Concurrently with due diligence and drafting of the implementation agreement, the Consortium would invite the Company to negotiate appropriate terms of a shareholders agreement, on behalf of shareholders wishing to retain an interest in the Company via the Scrip Alternative.

As noted above, execution of a binding implementation agreement on the above terms would be subject to final approval of the Board of WHSP.

Nature of the Proposal and Confidentiality

This Proposed Transaction is non-binding, indicative and is not intended to constitute, and does not constitute, a legally binding offer either generally or for the purposes of section 631 of the Corporations Act. This letter and its contents represent an incomplete and non-binding proposal. Nothing in this letter is intended to be legally binding.

Next steps

WHSP is in a position to commence due diligence immediately, having mobilised significant internal and external resources to ensure that we can deliver a certain outcome for Regis shareholders as quickly as possible while minimising disruption to the business.

We look forward to discussing the Revised Proposal with you at your earliest convenience.

Yours sincerely,



Robert Millner
Chairman
Washington H. Soul Pattinson & Company Limited



Bryan Dorman
Director
Ashburn Pty Ltd

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