

Investor Update

9 June 2021

Australian Unity Healthcare Property Trust (AUHPT) to raise equity to fund \$1b development pipeline and strengthen balance sheet to capitalise on acquisition opportunities

- AUHPT to raise up to ~\$320 million equity via:
 - ~\$120 million entitlement¹ offer of Wholesale Units to existing unitholders (Entitlement Offer);
 - \$180 million placement to Dexus at \$2.60, a ~16%² premium to current net asset value (NAV) per Wholesale Unit (Cornerstone Placement); and
 - \$20 million placement to Australian Unity³ at \$2.60, a ~16%⁴ premium to current NAV per Wholesale Unit (Australian Unity Placement).
- Australian Unity³ is also offering a premium cash offer of up to \$80 million (at a unit price of \$2.60⁵) to existing AUHPT unitholders, to enable investors seeking liquidity to withdraw (part or all of their investment) at a material premium to current NAV per unit (Premium Cash Offer)⁶
- Arrangements add, at a material premium to NAV, a highly credentialed, Australian domiciled real estate group to the register, and create a relationship which is aligned to driving long term growth for AUHPT unitholders which;
 - Retains AUHPT's existing management team and governance structure, which has delivered a total return to unitholders of 25.09% over the last twelve months and 14.89% per annum over the past 5 years⁷
 - Includes the establishment of a development cooperation agreement, which will facilitate the pursuit by AUHPT and

¹ For every \$18.9193 of investment in the Trust held as at 5.00pm on the 4 June 2021, an existing unitholder is entitled to purchase \$1 of Wholesale Units plus an additional \$2,500 of Wholesale Units.

² Based on the unit price as at 4 June 2021.

³ Through Australian Unity Strategic Holdings Pty Ltd (AUSH), which is a wholly-owned subsidiary of Australian Unity Limited.

⁴ Based on the unit price as at 4 June 2021.

⁵ \$2.60 per Wholesale Unit, \$2.6648 per retail unit and \$1.6273 per Class A unit.

⁶ Scale back mechanisms may apply if the Premium Cash Offer is oversubscribed. AUSH may also limit the amount of Class A units purchased to the lesser of 15% of the value of Wholesale and Retail units purchased and \$12 million.

⁷ As at 30 April 2021. Based on Wholesale Units. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

Dexus of co-investment and value enhancing opportunities for unitholders

- **Includes a first right of refusal for AUHPT over an indirect 25% interest in Australian Bragg Centre, in Adelaide⁸ (on market-based terms)**
- **Proceeds used to strengthen AUHPT's balance sheet for growth, providing funding to accelerate the execution of its significant development pipeline and near-term acquisition opportunities**

Background

Since AUHPT's establishment in 1999, management has routinely assessed and considered various options to further enhance unitholder value.

The execution of AUHPT's development pipeline remains a core aspect of the value embedded in AUHPT, with the potential to deliver significant value to unitholders. The recent completion of the Surgical, Treatment and Rehabilitation Service (STARS) facility at Herston Quarter in Brisbane demonstrates the potential to unlock material value from such developments in a way which AUHPT is uniquely positioned to deliver as part of the broader Australian Unity group.

As part of AUHPT's desire to accelerate the execution of its development pipeline, AUHPT has explored various relationship opportunities to deliver on its objective to further enhance AUHPT unitholder value. As part of these ongoing discussions over many years, there has been significant interest from various highly reputable counterparties, which often proactively seek to partner with AUHPT.

Following NorthWest Healthcare Properties Real Estate Investment Trust's (NorthWest) first unsolicited, conditional, non-binding, indicative (and subsequently rejected) proposal to acquire 100% of the units in AUHPT in February 2021, AUHPT received renewed and additional inbound interest from a variety of parties seeking to partner with AUHPT in healthcare real estate.

This inbound interest was considered as part of AUHPT's ongoing (and pre-existing) consideration of options to enhance value for AUHPT's unitholders. During 2020 and 2021, Australian Unity Funds Management Limited (AUFM), as responsible entity of AUHPT, undertook a series of bi-lateral discussions with a number of counterparties regarding various commercial relationship opportunities.

In determining to engage with counterparties at the time, the focus of the responsible entity was the long term benefits an arrangement with a counterparty could bring to AUHPT unitholders.

This included the potential value of an investment in AUHPT— which if completed at a premium would deliver immediate NAV accretion per

⁸ Reported to have a development completion price of >\$440 million.

unit and potential longer term earnings and distribution per unit growth, through the acceleration and execution of the development pipeline and potential nearer term accretive acquisitions. Strengthening the balance sheet would also enable AUHPT to capitalise on opportunities in an extremely competitive and fast growing healthcare real estate landscape.

Entitlement Offer

AUHPT last undertook an equity raise in November 2019 with investor demand at that time exceeding the funding requirements of AUHPT. Since that time, many unitholders have requested an opportunity to increase their investment in AUHPT. In response to this demand, alongside the Cornerstone Placement and the Australian Unity Placement, existing AUHPT unitholders will be offered an opportunity to subscribe for additional equity in AUHPT under a pro-rata, non-renounceable entitlement offer.

The ~\$120 million entitlement offer will consist of a pro-rata, non-renounceable entitlement offer of \$100 million, plus an additional \$2,500 worth of Wholesale Units per unitholder. The offer entitles unitholders to receive approximately \$1 of new Wholesale Units for every \$18.9193 worth of units⁹ currently owned, plus an additional \$2,500 worth of AUHPT Wholesale Units per unitholder.

It was important to the Board of AUFM and management of AUHPT that existing investors have the opportunity to invest further in a fund that has delivered outstanding returns over a very long period and has strong growth prospects. The additional \$2,500 per unitholder is designed to provide all unitholders, in particular those with smaller account balances, the chance to participate in the equity raising in a meaningful manner.

Importantly, investors who wish to take up the Entitlement Offer will not be able to participate in the Premium Cash Offer.

The entitlement will be offered to unitholders who were on the AUHPT register as at 5:00pm on 4 June 2021.

The entitlement offer will open to existing investors on 9 June 2021 and close at 5:00pm (Melbourne time) on 12 July 2021.

Any shortfall for the investor entitlement offer will be offered to new investors via AUFM's established networks.

⁹ Based on implied value of units, including Wholesale, Retail and Class A units.

Cornerstone Placement

AUFM has agreed with Dexu a minority investment of ~\$180 million (~7%) in AUHPT at a price of \$2.60 per Wholesale Unit, a material ~16% premium to the current Wholesale NAV per unit of ~\$2.24¹⁰. This price for a portfolio interest in AUHPT also represents a premium to NorthWest's third rejected proposal, for 100% ownership and control of AUHPT, of \$2.55 per Wholesale Unit.

Importantly, there will be no change to the management structure or team of AUFM which has delivered total returns of 25.09% to unitholders over the past twelve months and 14.89% per annum over the last 5 years¹¹.

Dexu has also highlighted its commitment to the long term sustainable growth of AUHPT and its support of AUFM's management of AUHPT by entering into an appropriate standstill arrangement with Australian Unity.

As part of the arrangements, Dexu has also provided AUHPT with a first right of refusal to acquire an indirect 25% interest in the Australian Bragg Centre (reported to have a development completion price of >\$440 million).

Further, AUHPT and Dexu will enter into a development co-operation agreement to explore opportunities to partner regarding the investment in, and development of, healthcare real estate in Australia.

The inclusion of Dexu on the register provides the Trust and Dexu with a mutually beneficial relationship via access to Australian Unity's specialist healthcare property platform and Dexu's high quality diversified real estate platform, which together, are expected to provide benefits to both AUHPT unitholders and Dexu securityholders.

Australian Unity Placement

Australian Unity remains committed to AUHPT's portfolio of unique healthcare and medical infrastructure assets that are necessary to support Australia's future healthcare needs. Australian Unity's investments in AUHPT reflect the Australian Unity Group's commitment to AUHPT's ongoing growth on behalf of its unitholders and Australian Unity's belief in the significant opportunity for multi-year value development by AUHPT.

Australian Unity has subscribed for \$20 million worth of new AUHPT Wholesale Units at \$2.60 per unit – the same issue price as the Cornerstone Placement. This investment is in addition to offering a Premium Cash Offer to existing unitholders.

¹⁰ As at 4 June 2021.

¹¹ As at 30 April 2021. Based on Wholesale Units. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

Premium Cash Offer

Management of AUHPT has undertaken an extensive engagement program with its >7,500¹² unitholders to better understand their current investment objectives in relation to AUHPT. The feedback obtained included clear and recurring themes:

- preference for income and desire for long term returns;
- negative tax implications of a potential cash sale of investors' AUHPT securities and lack of alternatives to then re-invest proceeds (with a similar risk and return profile);
- the strength of AUHPT's near term development pipeline (including the unique access to opportunities that AUHPT's relationship with the Australian Unity Group and other counterparties offers);
- the Australian ownership of unique healthcare and medical infrastructure; and
- the very attractive current market conditions for the healthcare real estate sector.

In addition to this, the majority of investors provided feedback that they would like an opportunity to invest more, and gain greater absolute exposure, to AUHPT.

The Board of AUFM nonetheless wanted to provide a liquidity opportunity at a premium to the small number of investors who may wish to consider selling their units.

As such, AUFM approached Australian Unity¹³, to make a premium cash offer (**Premium Cash Offer**) of up to \$80 million¹⁴, at a price of \$2.60 per AUHPT Wholesale Unit¹⁵.

Following the placement of \$20 million, and assuming the full take up of the \$80m Premium Cash Offer, Australian Unity's interest in AUHPT will increase to ~5.0%¹⁶. This approach demonstrates Australian Unity's continuing commitment to AUHPT and its investors, further aligning the interests of Australian Unity with AUHPT unitholders.

Importantly, investors who wish to take up the Entitlement Offer will not be able to participate in the Premium Cash Offer.

¹² As at 4 June 2021.

¹³ Through Australian Unity Strategic Holdings Pty Ltd (AUSH), which is a wholly-owned subsidiary of Australian Unity Limited.

¹⁴ Scale back mechanisms may apply if the Premium Cash Offer is oversubscribed. AUSH may also limit the amount of Class A units purchased to the lesser of 15% of the value of Wholesale and Retail units purchased and \$12 million.

¹⁵ \$2.60 per Wholesale Unit, \$2.6648 per retail unit and \$1.6273 per Class A unit

¹⁶ Includes Australian Unity holdings and controlled funds.

Mr. Mark Pratt, Executive General Manager – Property, Australian Unity said in relation to the capital raise: “The capital raising announced today strikes a balance between responding to feedback from existing AUHPT unitholders who have indicated strong interest in gaining greater exposure to AUHPT, while introducing a highly credentialed, Australian real estate group to the register at a material premium to NAV, forming a relationship focused on continuing to drive the long term growth of AUHPT. We are excited by the opportunity to accelerate the execution of our development pipeline and position the balance sheet to capitalise on increasing acquisition opportunities emerging in a competitive environment.”

On Australian Unity’s Premium Cash Offer and commitment demonstrated by its participation in the equity raising at a material premium to NAV, Mr. Pratt said: “Australian Unity has demonstrated its ongoing commitment to existing unitholders and has further enhanced its alignment with AUHPT unitholders by subscribing at a material premium to NAV. Investor feedback has focused on the opportunity to invest more into AUHPT and AUFM has been pleased to provide that opportunity. The Board of AUFM has also negotiated with Australian Unity to provide a liquidity opportunity, at a premium, for the small number of investors who may wish to exit the register.”

Darren Steinberg, Dexus CEO said: “We are confident in the outlook for healthcare real estate and the investment in AUHPT provides us with an efficient way to increase our exposure to this attractive asset class at an appealing price. The broader relationship with Australian Unity provides an opportunity for us to accelerate our growing footprint in healthcare real estate and provides our funds and third party partners with additional investment opportunities.”

NorthWest Third Rejected Proposal

Further to our announcement on 3 June 2021, AUFM intends to take further steps to protect the interests of AUHPT unitholders by today commencing legal proceedings to seek judicial advice in respect of matters relating to the meeting of AUHPT unitholders, which NorthWest is seeking to convene. AUFM has significant concerns about the validity of the resolution to be voted on by unitholders, the materials provided by NorthWest to AUHPT unitholders, the voting arrangements for the unitholder meeting and other aspects of NorthWest’s proposal.

In addition, the equity raising initiatives outlined above breach the no “Adverse Event” condition of NorthWest’s proposal, and may therefore entitle NorthWest to withdraw its proposal.

Further information regarding these matters will be provided in due course.

Further information

Further information about the Offer is set out in the Australian Unity Healthcare Property Trust (AUHPT) product disclosure statement dated 9 June 2021.

Should investors require any further information they are encouraged to contact the Unitholder Hotline, which can be reached at **1300 502 987 (Domestic) or +61 2 8022 7953 (International)**.

Conference call

Management of the AUHPT will host a conference call on Thursday 10 June at 10:30am (Melbourne time) to address details of the capital raise, participants can register for the conference using the following link <https://s1.c-conf.com/DiamondPass/10014053-sjk94r3.html>

Following pre-registration, participants will receive the teleconference details and a unique access passcode.

About Australian Unity

Established in 1840, Australian Unity was Australia's first member-owned wellbeing company and has 260,000 members and more than 700,000 customers. Our range of health, wealth and care products and services provides member, customer and community value that is supportive of personal and community wellbeing.

www.australianunity.com.au

About AUHPT

AUHPT's portfolio consists of unique healthcare and medical infrastructure assets that are necessary to support Australia's future healthcare needs. It is the last remaining scale portfolio of hospital and healthcare assets in the Australian market that remains Australian owned. AUHPT's management team continue to deliver on its objective to provide investors consistent and sustainable income returns, together with long-term capital growth. As at 30 April 2021, AUHPT total unitholder returns over the preceding 12-month period were 25.09% and five year total unitholder returns were 14.89% per annum.¹⁷

About Dexus

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 29,000 investors from 24 countries. Dexus is one of Australia's leading real estate groups and fund managers, managing a high-quality Australian property portfolio, both directly and on behalf of third-party capital partners, valued at \$36.5 billion. With 36 years of expertise in property investment, development and asset management, Dexus has a proven track record in managing capital and risk and delivering superior risk-adjusted returns for its investors.

Important information

Units in the Australian Unity Healthcare Property Trust (AUHPT) are issued by Australian Unity Funds Management Limited (AUFM) ABN 60 071 497 115 AFS Licence number 234454. AUFM is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

In deciding whether or not to acquire, hold or dispose of the product, investors should obtain a copy of the Product Disclosure Statement (PDS) and consider whether the product is appropriate to their particular circumstances and objectives.

A copy of the relevant PDS is available at australianunity.com.au/wealth or by calling our Investor Services team on 1300 899 760. Prior to investing in any financial product, an investor should consult with a financial and/or tax adviser. Past performance is not a reliable indicator of future performance.

¹⁷ As at 30 April 2021. Based on AUHPT Wholesale Units, returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

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