

From your Responsible Entity, Australian Unity Funds Management for Australian Unity Healthcare Property Trust Unitholders regarding NorthWest/GIC proposal

This is an **IMPORTANT** document from your Responsible Entity (**RE**), Australian Unity Funds Management Limited ABN 60 071 497 115 (**AUFM**) regarding your investment interest in Australian Unity Healthcare Property Trust ARSN 092 755 318 (**AUHPT**) and requires your immediate attention.

You should read this document in its entirety before deciding how to vote in relation to the acquisition proposal for your AUHPT units from entities associated with Canadian healthcare real estate trust, NorthWest Healthcare Properties Real Estate Investment Trust (**NorthWest**), and Singaporean sovereign wealth fund, GIC Private Limited (**GIC**) (together, **NorthWest/GIC**).

The AUFM Board **UNANIMOUSLY** recommends that you

Vote against

the 'Best and Final' NorthWest/GIC proposal

YOUR VOTE IS ESSENTIAL

If 75% of the votes cast by unitholders who are entitled to vote on the proposed unitholder resolution are in favour of the NorthWest/GIC proposal, the proposal may be implemented.

Given AUFM understands NorthWest and Hume Partners Pty Ltd (and its associates) intend to vote in favour of the unitholder resolution, if you don't vote, the NorthWest/GIC proposal could proceed.

The only way to have your view counted is by voting.

AUHPT UNITHOLDER HOTLINE:

If you have any questions regarding the NorthWest/GIC proposal, please call the AUHPT unitholder hotline on **1300 502 987** (Domestic) or **+61 2 8022 7953** (International) or visit www.australianunity.com.au/wealth/northwest-proposal
Please **do not** call the information line established by NorthWest/GIC.

Instructions on how to vote by proxy at the NorthWest convened unitholder meeting scheduled for **10.00am (Melbourne time) on 19 July 2021** using the AUFM Proxy Form are set out in Section 2 of this document.

The latest time that AUFM Proxy Forms can be received for the NorthWest convened unitholder meeting is **5:00pm (Melbourne time) on Friday 16 July 2021**.

What your Responsible Entity has concluded about the NorthWest/GIC proposal and therefore recommends that you do:

The AUFM Board considers that the NorthWest/GIC proposal is opportunistic and that they are **NOT OFFERING TO PAY ENOUGH** to acquire your units

Your units may be **COMPULSORILY ACQUIRED** by NorthWest/GIC if their proposal proceeds

The Board of AUFM, as your Responsible Entity, encourages you to **VOTE AGAINST** the NorthWest/GIC proposal because your vote is important to the future of AUHPT

If you do not want the NorthWest/GIC proposal to proceed **YOU SHOULD VOTE AGAINST** the proposal, **APPOINT Rohan Mead, your Responsible Entity Chair, as your proxy** and ensure your AUFM Proxy Form is received **before 5:00pm (Melbourne time) on 16 July 2021**

You can have your say by submitting your AUFM Proxy Form by email or by post (or by otherwise following the instructions on the form), or by attending and voting at the NorthWest convened unitholder meeting scheduled for **10.00am (Melbourne time) on 19 July 2021**.

Instructions on how to complete and submit your AUFM Proxy Form are set out in the separate 'How to Vote' flyer that accompanies this document and in Section 2 of this document.

If you have any questions about the NorthWest/GIC proposal, the unitholder meeting convened by NorthWest, or how to complete and submit your AUFM Proxy Form please call the AUHPT Unitholder Hotline on **1300 502 987** (Domestic) or **+61 2 8022 7953** (International) or visit www.australianunity.com.au/wealth/northwest-proposal.

1. Reasons to VOTE AGAINST the NorthWest/GIC Proposal

Section		
6.1	The AUFM Board considers that the NorthWest/GIC proposal undervalues AUHPT and does not reflect the basis on which AUHPT unitholders invest in AUHPT units, and continue to hold AUHPT units over long periods of time	X
6.2	The AUFM Board considers that the NorthWest/GIC proposal does not represent a superior outcome to AUHPT’s existing ownership and management structure, and notes that AUHPT unitholders will forfeit their exposure to potential future upside and growth in AUHPT if the NorthWest/GIC proposal proceeds	X
6.3	The AUFM Board considers that the NorthWest/GIC proposal is opportunistic, and is concerned that it is being pursued in an unusual way which may circumvent AUHPT unitholder protections	X
6.4	NorthWest has made, and offered, additional payments to certain AUHPT unitholders and stakeholders that it is not offering to all AUHPT unitholders	X
6.5	NorthWest continues to take actions which are contradictory and inconsistent with what it has said to AUFM and AUHPT unitholders	X
6.6	The materials provided by NorthWest (including the “Independent Expert’s Report” it commissioned) continue to contain potentially serious deficiencies and omissions and are potentially misleading	X
6.7	NorthWest/GIC is not required to act in the best interests of AUHPT unitholders, unlike AUFM, as RE of AUHPT	X

Please refer to Section 6 of this document for further details in relation to the reasons to **VOTE AGAINST** the NorthWest/GIC proposal.

2. How to VOTE AGAINST the NorthWest/GIC proposal

The NorthWest convened unitholder meeting that was to occur at 10:00am (Melbourne time) on 1 July 2021 has been adjourned by Court order to **10:00am (Melbourne time) on 19 July 2021.**

The latest time that AUFM Proxy Forms can be received is 5:00pm (Melbourne time) on 16 July 2021.

Please complete the enclosed **AUFM Proxy Form**.

To **VOTE AGAINST** the NorthWest/GIC proposal please complete the form as instructed below and in the accompanying 'How to Vote' flyer and then scan it and email it to vote@linkmarketservices.com.au, or otherwise send it in accordance with the instructions on the AUFM Proxy Form by mail, fax or by hand.

If you have already voted with NorthWest's posted proxy form we ask that you re-vote by using the enclosed AUFM Proxy Form.

To complete your AUFM Proxy Form:

STEP ONE: Appoint a proxy on your behalf

DO appoint Rohan Mead – Chair and Director of AUFM as a proxy to vote on your behalf. Please write 'Rohan Mead' in the rectangular box.

STEP TWO: Item of Business

Under Resolution 1 – Transfer Resolution put a cross (X) in the AGAINST Square box

STEP THREE: Signature of Security Holder

Properly sign and date the form.

STEP FOUR: Return your form

Scan and email your completed form to vote@linkmarketservices.com.au. If this isn't possible you can return it in accordance with instructions on the AUFM Proxy Form by mail, fax or by hand.

Questions or need help?

If you have any further questions about voting, please call the AUHPT Unitholder Hotline on **1300 502 987** (Domestic) or **+61 2 8022 7953** (International).

How to Vote

Australian Unity
Real Wellbeing

Australian Unity Healthcare Property Trust
ARSN 092 755 318

LODGE YOUR VOTE

- BY MAIL:** Australian Unity Healthcare Property Trust, c/- Link Market Services Limited, Locked Bag 434, Sydney South NSW 1235 Australia
- BY EMAIL:** vote@linkmarketservices.com.au
- BY FAX:** +61 2 9037 6309
- BY HAND:** Link Market Services Limited, 18 Homebush Sky Drive, Homebush NSW 2130 or Level 12, 600 George Street, Sydney NSW 2000
- ALL ENQUIRIES TO:** Telephone: 1300 502 987 Overseas: +61 2 8022 7953

Account Number:

PROXY FORM
I/We being a member(s) of Australian Unity Healthcare Property Trust (AUHPT) and entitled to attend and vote hereby appoint:

APPOINT A PROXY
Please write the name of the person or body corporate you are appointing as your proxy: **Rohan Mead**

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Australian Unity Funds Management Limited (AUFM) Board as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the meeting of members of AUHPT to be held at 10:00am (Melbourne time) on Thursday, 1 July 2021 at the Grand Hyatt, 123 Collins St, Melbourne VIC 3000 (the Meeting), which has been adjourned to 10:00am on Monday, 19 July 2021 and at any postponement or further adjournment of the Meeting.

The Chairman of the AUFM Board intends to vote uncontrolled proxies against Resolution 1.

Further, in relation to a resolution to appoint the Chairman of the Meeting, if the Chairman of the AUFM Board is or becomes my/our proxy, I direct my/our proxy to vote on any poll to appoint the Chairman of the Meeting and to vote in favour of the person nominated by AUFM to act as Chairman of the Meeting.

VOTING DIRECTIONS
Proxies will only be valid and accepted by AUHPT if they are signed and received by 5:00pm (Melbourne time) on Friday 16 July 2021. Please read the voting instructions overleaf before marking any boxes with an X.

The AUFM Board recommends that members vote against Resolution 1.

STEP 2

Resolutions	For	Against	Abstain*
1. Transfer Resolution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF MEMBERS – THIS MUST BE COMPLETED

Individual or Member 1: Sign Here
Member 2: Sign Here (if applicable)
Member 3: Sign Here (if applicable)

Sole Director & Sole Company Secretary: Director
Director/Company Secretary:

This form should be signed by the Member. If a joint holding, all Members must sign. If signed by the Member's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Date:

AUHP PRX2101A

3. Chairman’s Letter to AUHPT unitholders

27 June 2021

Dear Unitholder

VOTE AGAINST the Northwest/GIC Proposal

I ask you to give me your valuable time and attention in reading this letter, where I will outline, on behalf of the Board of Australian Unity Funds Management Limited (**AUFM**), as responsible entity (**RE**) of the Australian Unity Healthcare Property Trust (**AUHPT**), a set of circumstances, which together and in the view of the AUFM Board, represent an unprecedented and potentially invalid attempt to acquire your investment in AUHPT.

Over the last several weeks you may have felt overwhelmed and confused by the volume, nature and the identity (and intent) of the sender of, large amounts of information regarding your investment in AUHPT. However, this document has been published and sent to you by AUFM, as your RE for AUHPT.

In this document, AUFM seeks to clarify some of the confusion you may be feeling and provide you with the AUFM Board’s views regarding:

- i) the proposal to acquire your units in AUHPT;
- ii) what has given rise to the current circumstances; and
- iii) how you can pursue a course of action to help preserve the value and advantages of your investment in AUHPT.

It is the AUFM Board’s considered view that provoking and maintaining a state of confusion among the large number of unitholders of AUHPT potentially suits the purposes of the proposed acquirers of your interests. This is because a situation where many unitholders may not vote on the proposal that has been received—perhaps because they are confused or left short of time—may favour those proposed acquirers’ interests to acquire your investment in AUHPT at a price that undervalues your investment in AUHPT, particularly given the proposed acquirers’ intentions to vote their investments in favour of the acquisition in an unprecedented manner.

These are serious concerns, and the AUFM Board wishes to clarify what, in the Board’s view, has given rise to the current circumstances—and where such circumstances might be leading.

In February of this year, AUFM received an initial approach from a consortium consisting of entities associated with Canadian healthcare real estate trust, NorthWest Healthcare Properties Real Estate Investment Trust (**NorthWest**) and Singaporean sovereign wealth fund GIC Private Limited (**GIC**) (together, **NorthWest/GIC**). AUFM was informed at the time of the initial approach (and continues to understand) that 70% of the eventual equity funding for the



Rohan Mead
Chair

24 December 2020

NorthWest enters into put/call option arrangements with Hume over 16.2% of units (for which it agrees to pay at least \$50 million)

10 February 2021

NorthWest approach disclosed in Australian Financial Review ‘Street Talk’ column

12 February 2021

NorthWest/GIC offers AUFM approximately \$58 million to retire as RE as a “facilitation fee”

15 February 2021

AUFM rejects proposed facilitation payment

17 February 2021

First proposal received by AUFM for AUHPT units priced at approximately \$2.20 per wholesale unit

consortium’s proposal would be sourced from GIC, however, to date AUFM has had no direct interaction with any officers or entities of GIC.

In connection with its first proposal, NorthWest/GIC offered your RE, AUFM, some \$58 million by way of a “facilitation” fee as part of a conditional proposal at approximately \$2.20 per wholesale unit¹.

The AUFM Board immediately rejected any engagement with NorthWest/GIC on the proposed \$58 million facilitation fee and noted that AUFM would only engage with NorthWest/GIC on matters of unitholder interest rather than such payments to AUFM. Interestingly, it was only subsequent to this rejection of the proposed facilitation fee that AUFM became aware of unsubstantiated concerns being raised in the media regarding AUFM’s independence to assess the merits of NorthWest/GIC’s proposal.

Another aspect of the original approach from NorthWest was the assertion by NorthWest that it had entered into a set of “put and call” option arrangements such that it controlled interests held by Hume Partners Pty Ltd (and certain of its associates) (**Hume**), and therefore controlled some 16.2 percent of the AUHPT register (as at that time).

AUFM promptly requested copies of these arrangements, so that the AUFM Board could properly assess their implications on behalf of unitholders. However, this request was refused by NorthWest on the basis that AUFM should first agree to support the proposal (then at approximately \$2.20 per wholesale unit) and recommend it to unitholders. NorthWest did provide your RE with what it described as the “key terms” of the arrangements, but this summary omitted the commercial (ie payment) terms agreed with Hume. These were only revealed subsequently, after NorthWest sought to directly convene a unitholder meeting to consider its proposal.

In short (based on what the AUFM Board knows now, but did not know between February and the end of May this year), NorthWest made agreements to pay the Hume interests a substantial payment which would appear to be in addition to the amount the Hume interests would receive in connection with the NorthWest/GIC proposal. As it turned out, the actions of your RE in rejecting the original proposal of approximately \$2.20 per wholesale unit from NorthWest/GIC foreclosed on this particular situation. Notwithstanding, we understand from NorthWest’s disclosures on this point that NorthWest has already paid the Hume interests approximately \$50 million in consideration for the option agreements, which is non-refundable.

Following the AUFM Board’s rejection of the first proposal from NorthWest/GIC, AUFM became aware over subsequent weeks of unsubstantiated concerns being raised publicly and in the media regarding the governance arrangements of AUFM and its motivations. In this regard, the AUFM Board wishes to highlight the following to unitholders:

- i) the governance arrangements of AUHPT are part of the broader Australian Unity Group framework overseen by the Australian Unity Board, and are set out in the product disclosure statement, together with all fees payable to AUFM. This information is, and has been, available to all unitholders prior to investing in AUHPT;
- ii) AUHPT’s existing governance arrangements have operated effectively for over 20 years, during which time AUHPT has become a premier healthcare property trust in Australia, achieving high ratings from research houses; and

25 February 2021

AUFM is compelled to provide the unitholder register to NorthWest

26 February 2021

AUFM Board rejects first proposal from NorthWest/GIC on the basis that it undervalues AUHPT

12 March 2021

Second proposal received by AUFM for AUHPT units priced at approximately \$2.35 per wholesale unit and highly conditional

24 May 2021

Third proposal received by AUFM for AUHPT units priced at \$2.55 per wholesale unit

26 May 2021

NorthWest advises AUFM of receipt of approval from the Australian Foreign Investment Review Board

31 May 2021

NorthWest issues 196 page “Trust Scheme Booklet” dated 28 May 2021 and calls unitholder meeting for 1 July 2021

3 June 2021

AUFM Board rejects third proposal from NorthWest/GIC on the basis that it undervalues AUHPT

On or around 8 June 2021

NorthWest issues “Supplementary Trust Scheme Booklet” dated 8 June 2021 following various issues raised by AUFM (28 pages)

¹ Approximately \$2.20 per wholesale unit, approximately \$2.25 per retail unit and approximately \$1.38 per Class A unit.

iii) unlike AUFM, as your RE, neither Northwest nor GIC owes any legal duties to AUHPT unitholders. The fundamental duty to act in the best interests of unitholders is applied by AUFM in all decisions relating to AUHPT, including in its assessment of NorthWest/GIC’s proposals, and the rejection by the AUFM Board of the proposed \$58 million facilitation payment offered to AUFM by NorthWest/GIC is an example of the AUFM Board’s respect for its duties.

Since its first proposal, NorthWest/GIC has made a series of further offers for additional consideration and sought to progressively reduce the conditionality in its proposals. It has continued to assert the “compelling” nature of each of its proposals, only for subsequent proposals to then increase the proposed consideration on what is now three separate occasions.

The latest proposal is to acquire 100% of AUHPT for \$2.70 per wholesale unit². As with the earlier proposals from NorthWest/GIC, the AUFM Board continues to believe this proposal undervalues AUHPT and has therefore rejected it. However, the circumstances associated with NorthWest/GIC’s latest proposal (and its previous proposal at \$2.55 per wholesale unit³), including the proposed process to implement it, have raised a range of broader concerns for the AUFM Board.

These concerns led AUFM to commence a legal proceeding in the Supreme Court of New South Wales to seek judicial advice in relation to matters associated with the proposal.

The concerns of the AUFM Board include the following:

- i) while AUFM was still in the process of considering Northwest/GIC’s third proposal at \$2.55 per wholesale unit, NorthWest announced that it would seek to call its own unitholder meeting for 1 July 2021 and that it was already in the process of distributing a detailed booklet to unitholders regarding the proposed meeting. This was despite such material not having been prepared or reviewed by AUFM or having had any input from AUFM, and the unitholder meeting not having the support of AUFM;
- ii) the materials that have been issued by NorthWest (including the “Independent Expert’s Report” it commissioned) in relation to the NorthWest/GIC proposal include potentially serious deficiencies and omissions and are potentially misleading, and, in the AUFM Board’s view, were given to unitholders with insufficient time to properly consider them;
- iii) NorthWest describes the NorthWest/GIC proposal as a “trust scheme”, but the process it has proposed to implement it excludes the customary involvement of AUFM, as RE of AUHPT, ASIC in its role as reviewer of the disclosure materials, and the court in its typical role of supervising such schemes; and
- iv) of particular concern to the AUFM Board, AUFM understands that NorthWest intends to vote its interests in AUHPT in favour of its own proposal and that Hume will also be voting its units in favour, a position that would not be permitted in transaction structures of a similar nature.

While AUFM was successful in having the proposed meeting adjourned by the Court from 1 July 2021 to 19 July 2021 to enable the meeting to proceed in a more orderly and informed manner, the Court is not expected to make determinations on the matters AUFM has raised until after 22 July 2021.

As a result, even if the meeting proceeds on 19 July 2021, the validity of it and its outcome may still ultimately be determined by reference to the ruling of the Court.

9 June 2021

AUFM announces equity raise of approximately \$320 million to fund \$1 billion development pipeline, including a rights issue to existing unitholders and a premium cash offer from Australian Unity to provide liquidity to unitholders at a premium to NorthWest/GIC’s offer (at the time). AUFM also commences a legal proceeding in the Supreme Court of New South Wales to seek judicial advice in relation to matters associated with the proposal from NorthWest/GIC

15 June 2021

Fourth ‘best and final’ proposal received by AUFM for AUHPT units at \$2.70 per wholesale unit
NorthWest issues “Second Supplementary Trust Scheme Booklet” dated 15 June 2021 (42 pages)

17 June 2021

Court orders adjournment of NorthWest convened unitholder meeting from 1 July 2021 to 19 July 2021

² \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.

³ \$2.55 per wholesale unit, \$2.61 per AUHPT retail unit and \$1.62 per Class A unit.

Given the proposed voting arrangements for the meeting as outlined above (and the threshold for the resolution to be passed), there is a real risk that the NorthWest/GIC proposal could be approved if unitholders do not vote. Because of this, it is crucial that as many unitholders as possible vote on the NorthWest/GIC proposal.

There is another important matter at issue between your RE and NorthWest which the AUFM Board wishes to bring to the attention of unitholders. In the view of the AUFM Board, NorthWest (a direct competitor of AUHPT) has sought to constrain and limit AUFM in the exercise of its responsibilities to unitholders. In particular, on a number of occasions, NorthWest has written to AUFM asking that AUFM not pursue on-foot commercial opportunities for the continuing growth and development of AUHPT.

AUFM has previously rejected Northwest's attempted limitations on the basis that accepting them would be to neglect our responsibilities to unitholders generally. Instead, in accordance with those duties, AUFM, as your RE, has continued to engage with a range of market participants to explore positive opportunities for the ongoing and long term development of AUHPT.

As an outcome of this structured process of review, we were able to reach agreement with Dexis and Australian Unity Strategic Holdings on a set of transactions announced on 9 June 2021, to support the short and longer term development of AUHPT. The equity raise of up to approximately \$320 million announced on 9 June 2021 included placements at a then premium to the offer that had been made at the time by NorthWest/GIC and a rights issue to existing unitholders, who the AUFM Board recognises have consistently sought further investment opportunity in AUHPT.

NorthWest is currently seeking to unwind these transactions through the Court, a position which is hard to understand when NorthWest/GIC subsequently, on 15 June 2021, adjusted the latest proposal to waive any conditionality arising from these actions while also increasing the proposed consideration by \$0.15 to \$2.70 per wholesale unit.

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Twenty-one years ago, Australian Unity identified the long term opportunity to invest in healthcare property—a then untilled field for investment. Unitholders supported our initial efforts and were joined by thousands more unitholders along the way. It has been the ventured capital of all these unitholders and their support for the management of AUHPT that has established AUHPT as a market leading vehicle today.

It is in no way surprising that others would covet the investment position of AUHPT unitholders. The total returns achieved by AUHPT have been over 12% per annum since inception. And they have been higher in recent years.

If the future rate of return of AUHPT were to match that which it has achieved since inception, the total return of a wholesale unit would surpass the “best and final” offer from NorthWest/GIC of \$2.70 in less than two years, while AUHPT unitholders would still retain their exposure to further potential upside in the future. While past performance is no guarantee of future performance, this potential scenario is important to consider in the context of the proposal that is currently before unitholders from NorthWest/GIC.

Another reflection that is important for unitholders to consider is the after-tax opportunity (or lack thereof) to source an investment that will provide you with long term, inflation hedged, tax effective income at the same level as your investment in AUHPT.

Your management team is unequivocally committed to the positive, continuing development of AUHPT. Having identified the healthcare property market ahead of most of our competitors, we have accrued two decades of experience and insight that make us even more excited about the future of AUHPT than its achievements to date.

It is on these bases that the AUFM Board recommends unitholders **VOTE AGAINST** the NorthWest/GIC proposal and that you follow the steps laid out in this document to make sure that your vote is cast in a manner that counts.

This letter includes a summary of the issues that unitholders should consider in deciding how to vote on the proposal from NorthWest/GIC, and more detail is included in the remainder of this document. On behalf of the AUFM Board, I encourage unitholders to review this document in its entirety to achieve a full understanding of AUFM's perspectives on this matter, and before making a decision in relation to how to vote on the proposal from NorthWest/GIC.

As noted above, because of the voting arrangements that have been proposed for the unitholder meeting, it is crucial that unitholders actually vote (and do not abstain from voting) on the NorthWest/GIC proposal to avoid potential compulsory acquisition of their units by NorthWest/GIC.

I thank you again for your time and attention. AUFM will continue to actively take steps to protect your interests—but this may be cold comfort if your investment is already in the hands of a firm that has shown the potential capacity to conspire with one set of unitholders (Hume) to the potential disadvantage of others.

On behalf of the AUFM Board, I again encourage you to vote against the proposal from NorthWest/GIC.

Yours faithfully



**Rohan Mead**

**Chair**

Australian Unity Funds Management Limited,  
as responsible entity for Australian Unity Healthcare Property Trust

## 4. Overview of, and other matters relevant to, the NorthWest/GIC proposal

### Unitholder meeting convened by NorthWest and fourth proposal from NorthWest/GIC

An AUHPT unitholder meeting convened by Canadian healthcare real estate trust, NorthWest, will take place at **10.00am (Melbourne time) on 19 July 2021** to consider and vote on a resolution of unitholders proposed by NorthWest for NorthWest/GIC to acquire 100% of the units in AUHPT.

The unitholder resolution concerns NorthWest/GIC's most recent proposal, which was received by AUFM on 15 June 2021 (its fourth proposal), to acquire 100% of the units in AUHPT for a revised offer price of \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit<sup>4</sup> (**NorthWest/GIC Proposal**). This fourth proposal from NorthWest/GIC has been stated to be NorthWest/GIC's "**best and final**" proposal in the absence of a higher offer.

The NorthWest/GIC Proposal is not supported by AUFM, as RE of AUHPT, and the AUFM Board has concerns with various aspects of it.

### NorthWest/GIC Premium Cash Offer and New Australian Unity Premium Cash Offer

In addition to the NorthWest/GIC Proposal, NorthWest/GIC has advised that it has put in place a \$400 million facility<sup>5</sup> (**NorthWest/GIC Facility**) to acquire AUHPT units at \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit if the NorthWest/GIC Proposal is not successful (subject to scale back) (**NorthWest/GIC Premium Cash Offer**).

The NorthWest/GIC Facility is conditional on, and only available to, AUHPT unitholders who commit to vote in favour of the NorthWest/GIC Proposal and who do not participate in the current entitlement offer of wholesale units announced on 9 June 2021 (**Rights Issue Offer**)<sup>6</sup>. Should AUHPT unitholders wish to sell all, or part of their holdings, Australian Unity Strategic Holdings Pty Limited (a wholly-owned subsidiary of Australian Unity Limited (**AUL**)) (**AUSH**) has also offered a facility at the same offer price (as announced on 22 June 2021), which does not require unitholders to vote in a particular way on the NorthWest/GIC Proposal to participate (**New Australian Unity Premium Cash Offer**).

### The AUFM Board's recommendation in relation to the NorthWest/GIC Proposal

The AUFM Board has carefully considered the NorthWest/GIC Proposal (as it has done with the three prior proposals received from NorthWest/GIC) and formed the view that it is **not in the best interests of AUHPT unitholders**, on the basis that it continues to undervalue AUHPT, having regard to the current and expected future value of the portfolio and the benefits AUHPT could deliver to a potential acquirer. In assessing the proposals from NorthWest/GIC, the AUFM Board has had regard to feedback it has received from unitholders, as well as counterparties (including key tenants) and other stakeholders, associated with, and highly important to, the ongoing operations of AUHPT.

### **THE AUFM BOARD RECOMMENDS THAT AUHPT UNITHOLDERS **VOTE AGAINST** THE NORTHWEST/GIC PROPOSAL.**

<sup>4</sup> NorthWest has stated that the NorthWest/GIC proposal is in addition to any 30 June 2021 distribution paid by AUFM for the June 2021 quarter and a pro rata distribution for the period commencing on 1 July 2021 and ending on the implementation date, which if the NorthWest/GIC proposal proceeds, NorthWest/GIC has stated it expects will be 10 August 2021.

<sup>5</sup> With Class A units capped at the lesser of \$12 million and 15% of the value of retail units and wholesale units purchased.

<sup>6</sup> The offer contained in the AUHPT wholesale units Product Disclosure Statement dated 9 June 2021 (**PDS**) to Existing Investors (as defined in the PDS) to purchase up to \$1 of wholesale units for every \$18.9193 held as at 5:00pm on the Rights Offer Issue Record Date, plus an additional \$2,500 of wholesale units.

The reasons for the AUFM Board’s recommendation that AUHPT unitholders **VOTE AGAINST** the NorthWest/GIC Proposal are set out in Section 1 (and described in further detail in Section 6) of this document.

**Based on the unprecedented structure of the NorthWest/GIC Proposal, including NorthWest’s intention to vote the NorthWest (and Hume) interests in favour of its own proposal, it is important that AUHPT unitholders vote on the resolution proposed by NorthWest in order to avoid having their units acquired against their wishes.**

The following table illustrates that if there is a limited amount of votes cast on the resolution, even where such votes cast by unitholders other than NorthWest (and Hume) are evenly split, the resolution would be passed.

| AUHPT unitholders                                       |       |         |                                               |                                                              |                                       |
|---------------------------------------------------------|-------|---------|-----------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| Total votes cast (excluding NorthWest controlled votes) | For   | Against | NorthWest controlled votes <sup>7</sup> (For) | Outcome based on percentage of votes cast at meeting (% For) | Outcome                               |
| 10%                                                     | 5.0%  | 5.0%    | 15.15%                                        | 80.1%                                                        | Transfer resolution passed            |
| 15%                                                     | 7.5%  | 7.5%    | 15.15%                                        | 75.1%                                                        | Transfer resolution passed            |
| 50%                                                     | 25.0% | 25.0%   | 15.15%                                        | 61.6%                                                        | Transfer resolution <b>not passed</b> |

AUHPT has a diversified portfolio of top-grade hospitals and medical facilities, the likes of which no other property manager in Australia has been able to assemble. With an ageing and growing population, AUHPT is well positioned to enjoy continued growth both for its unitholders and the communities which AUHPT’s assets serve.

The AUFM Board has had regard to the fact that if at least 75% of the votes that are cast by unitholders entitled to vote are in favour of the NorthWest/GIC Proposal, unitholders may be forced to sell their units at a value the AUFM Board believes is insufficient, potentially pay capital gains tax on the proceeds and may have limited opportunities to find an alternate investment (with similar return and risk profiles) in which to redeploy the post-tax capital proceeds from their investment in AUHPT.

As a unitholder in AUHPT, you have exposure to, and are helping further develop, a unique portfolio of healthcare and medical infrastructure assets that are not only necessary to support Australia’s future healthcare needs, but also potentially generate a steady and stable return for all unitholders including Australian retirees and ‘mum and dad’ investors. Under its existing ownership and management structure, AUHPT is well placed to continue to invest in this critical social infrastructure and deliver attractive returns for investors, with AUHPT’s future underpinned by an attractive and deep pipeline of development projects and acquisitions worth over \$1 billion.

### The AUFM Board’s recommendation in relation to the NorthWest/GIC Premium Cash Offer

The AUFM Board does not support or endorse the NorthWest/GIC Facility and **RECOMMENDS THAT AUHPT UNITHOLDERS TAKE NO ACTION REGARDING THE NORTHWEST/GIC FACILITY.**

### The AUFM Board’s duties

The Board of AUFM, as RE of AUHPT, has a duty to act in the best interests of AUHPT unitholders. The view the AUFM Board has formed on each NorthWest/GIC proposal has been made on the basis of that duty. The fact that NorthWest/GIC has now bid against itself three times, each time professing the proposition to be “compelling” to unitholders reflects the highly sought-after nature (and value) of the AUHPT portfolio.

<sup>7</sup> 15.15% interest as at 23 June 2021.

## Important matters to consider in relation to the NorthWest/GIC Proposal

Unitholders should be aware that NorthWest/GIC has taken a number of unusual actions in connection with its attempts to acquire 100% of AUHPT.

These include the following:

- NorthWest acquired an approximately 5.1% direct interest in AUHPT from Hume<sup>8</sup> for the purpose of directly convening a unitholder meeting to put its proposal to AUHPT unitholders without the support of AUFM, as RE of AUHPT.
- NorthWest has described the NorthWest/GIC proposal as a “trust scheme”, although the proposed process for implementation of the proposal excludes any involvement of AUFM in its role as RE of AUHPT, ASIC in its customary role as reviewer of the disclosure materials and the court in its typical role of supervising trust schemes, as is usual for these types of transaction structures.
- In the opinion of the AUFM Board, NorthWest has endeavoured to pressure AUFM into making a recommendation to AUHPT unitholders to vote in favour of its proposal (and, in turn, to pressure AUHPT unitholders into voting in favour of its proposal) by entering into put and call option arrangements over an additional approximately 11.1% of units in AUHPT (**Put/Call Options**) to reduce the likelihood of any third party superior proposal from emerging.
- The AUFM Board considers that NorthWest/GIC has also sought to encourage the AUFM Board to support a proposal from NorthWest/GIC by putting forward to AUFM an offer of approximately \$58 million as part of a “facilitation arrangement” involving the transfer of management functions in relation to AUHPT (noting this was rejected by AUFM in the best interests of unitholders).
- As part of the Put/Call Options, NorthWest has paid Hume a non-refundable payment of \$50,164,430.53 (equating to an additional approximately \$0.36 per wholesale unit<sup>9</sup>) which is not being offered to other AUHPT unitholders.
- NorthWest has directly provided AUHPT unitholders with a significant amount of material in relation to the NorthWest/GIC proposals (including supplementary materials) (**NorthWest Materials**) despite these materials not having been reviewed by AUFM, as RE of AUHPT, not having had any input from AUFM and not being supported, recommended or endorsed by the AUFM Board.
- AUFM has identified potentially serious deficiencies and omissions in the NorthWest Materials (including, but not limited to, the commissioning of its own “Independent Expert’s Report” which has been based only on a review of publicly available information and has not involved any access to due diligence or discussions with the management of AUHPT or the Board of AUFM, as RE of AUHPT) which may render the NorthWest Materials potentially misleading.

## Judicial advice sought by AUFM

As previously advised, the AUFM Board has concerns about various aspects of the NorthWest/GIC Proposal and has actively taken, and continues to actively take, steps to ensure your interests as a unitholder of AUHPT are protected. This has included commencing a legal proceeding relating to the NorthWest/GIC Proposal and the unitholder meeting NorthWest is seeking to convene, in connection with which the Court ordered that the NorthWest convened unitholder meeting be adjourned from 10.00am on 1 July 2021 to 10.00am on 19 July 2021.

<sup>8</sup> Prior to the placements to Dexus and Australian Unity announced on 9 June 2021.

<sup>9</sup> Calculated on the basis of 139,655,987 units, subject to the original put and call arrangements entered into by NorthWest and Hume in December 2020 and January 2021. The non-refundable amount would equate to an additional approximately \$1.15 per wholesale unit based on the 43,793,046 wholesale units (approximately 5.1% of the units in AUHPT as at the date NorthWest convened the proposed unitholder meeting) that have actually been acquired by NorthWest from Hume.

While the AUFM Board does not support the convening of the unitholder meeting, and continues to question its validity through the Court process, at this stage the AUFM Board expects the meeting to proceed on 19 July 2021 given that the Court is not expected to make determinations on the matters AUFM has raised until after 22 July 2021. In this regard, you should note that even if the meeting proceeds on 19 July 2021, the validity of it and its outcome may still ultimately be determined by reference to the ruling of the Court.

To avoid leaving it to a potentially uncertain legal process to determine the outcome of the NorthWest/GIC Proposal, the AUFM Board recommends that AUHPT unitholders **VOTE AGAINST** the NorthWest/GIC Proposal.

## **AUFM Proxy Form**

The AUFM Board encourages you to carefully read this document in full before making any decision as to how to vote in relation to the NorthWest/GIC Proposal.

An AUFM Proxy Form has been included with this document.

**Please complete this AUFM Proxy Form (which was also sent to AUHPT unitholders on 18 June 2021) rather than the NorthWest proxy form. If you have already voted with NorthWest's posted proxy form, please vote again using the AUFM Proxy Form enclosed.**

Details of how to VOTE AGAINST the NorthWest/GIC Proposal are contained in Section 2 of this document.

Please note that the latest time that AUFM Proxy Forms can be received is **5:00pm (Melbourne time) on Friday 16 July 2021.**

### **Further information**

If you have any questions regarding this document, the NorthWest/GIC Proposal, how to vote on the NorthWest/GIC Proposal, or your investment in AUHPT (including how to take up your Rights Issue Offer entitlement), please call the AUHPT Unitholder Hotline on **1300 502 987** (Domestic) or **+61 2 8022 7953 (International)**, or visit [www.australianunity.com.au/wealth/northwest-proposal](http://www.australianunity.com.au/wealth/northwest-proposal)

The AUFM Board recommends that unitholders contact the AUHPT Unitholder Hotline rather than the information line that has been established by NorthWest/GIC.

## 5. Key dates

| Event                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Date                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Rights Issue Offer Record Date<br>New Australian Unity Premium Cash Offer <sup>10</sup> Record Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 4 June 2021           |
| Rights Issue Offer Opening Date <sup>11</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 9 June 2021           |
| Date of fourth NorthWest/GIC “best and final” proposal<br>NorthWest/GIC Premium Cash Offer Opening Date <sup>12</sup><br><b>NorthWest has stated that the NorthWest/GIC Premium Cash Offer will only be effective if the unitholder resolution proposed by NorthWest is not approved at the unitholder meeting convened by NorthWest.</b><br><b>The AUFM Board does not support or endorse the NorthWest/GIC Premium Cash Offer and recommends that AUHPT unitholders TAKE NO ACTION regarding it.</b>                                                                                                                                                                                 | 15 June 2021          |
| New Australian Unity Premium Cash Offer Opening Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 22 June 2021          |
| Date of this document                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 27 June 2021          |
| Rights Issue Offer Closing Date <sup>13</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 5:00pm, 12 July 2021  |
| Rights Issue Offer Issue Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 12 July 2021          |
| Australian Unity Premium Cash Offer Effective Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 13 July 2021          |
| Latest time and date for receipt of AUFM Proxy Forms for the NorthWest convened unitholder meeting<br><b>Please complete the AUFM Proxy Form which is included with this document and was also sent to AUHPT unitholders on 18 June 2021. If you have already voted with NorthWest’s posted proxy form, please vote again using the AUFM Proxy Form enclosed.</b><br><b>The AUFM Board unanimously recommends that you VOTE AGAINST the NorthWest/GIC Proposal<sup>14</sup>.</b>                                                                                                                                                                                                       | 5:00pm, 16 July 2021  |
| Unitholder meeting convened by NorthWest<br><b>The AUFM Board does NOT support the convening of the unitholder meeting and has concerns about various aspects of it.</b><br><b>Please note that, given the proposed voting arrangements for the meeting, it is crucial that you cast your vote on the NorthWest/GIC Proposal. Only unitholders who have their say by voting will have their views counted.</b>                                                                                                                                                                                                                                                                         | 10:00am, 19 July 2021 |
| Supreme Court of New South Wales (Court) hearing to determine judicial advice application made by AUFM<br><b>AUFM has commenced a legal proceeding to seek judicial advice in respect of matters relating to the NorthWest/GIC Proposal and the NorthWest convened unitholder meeting (including the eligibility for NorthWest and Hume to vote on the proposal). Even if the NorthWest/GIC Proposal is approved by AUHPT unitholders (which could represent a small minority of total AUHPT unitholders), the NorthWest/GIC Proposal may not proceed if the Court subsequently advises AUFM that the unitholder resolution proposed by NorthWest is an invalid exercise of power.</b> | 22 July 2021          |
| <b>NorthWest/GIC Premium Cash Offer Closing Date</b><br><b>New Australian Unity Premium Cash Offer Closing Date and Effective Date<sup>15</sup></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 23 July 2021          |

<sup>10</sup> ‘New Australian Unity Premium Cash Offer’ refers to the revised Australian Unity Premium Cash Offer at \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit announced by AUFM on 22 June 2021.

<sup>11</sup> Please note that the Rights Issue Offer to investors with a registered address in New Zealand opened on 10 June 2021. Please refer to the PDS for further details in relation to how to apply for the Rights Issue Offer.

<sup>12</sup> AUFM understands that if the proposed unitholder resolution is not approved at the unitholder meeting convened by NorthWest, AUHPT unitholders who accept the NorthWest/GIC Premium Cash Offer, and who voted in favour of the resolution, will be paid the proceeds to which they are entitled under the NorthWest/GIC Premium Cash Offer on 2 August 2021.

<sup>13</sup> The closing date for the Rights Issue Offer for investors with a registered address in New Zealand is the same as the closing date for investors with a registered address in Australia.

<sup>14</sup> Section 2 of this document sets out the details of how to vote against the NorthWest/GIC Proposal.

<sup>15</sup> Closing date and effective date for the New Australian Unity Premium Cash Offer at \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit announced by AUFM on 22 June 2021. AUFM expects to facilitate the payment from AUSH to investors by 13 August 2021.

If the unitholder resolution proposed by NorthWest is approved at the unitholder meeting convened by NorthWest and is not ruled an invalid exercise of power by the Court, your AUHPT units are expected to be acquired as follows<sup>16</sup>:

| Event                                             | Date                         |
|---------------------------------------------------|------------------------------|
| <b>NorthWest/GIC Proposal Effective Date</b>      | <b>2 August 2021</b>         |
| <b>NorthWest/GIC Proposal Record Date</b>         | <b>7:00pm, 3 August 2021</b> |
| <b>NorthWest/GIC Proposal Implementation Date</b> | <b>10 August 2021</b>        |

All times and dates in this document refer to the time and date in Melbourne, Australia and are subject to change.

Please refer to the PDS and the Australian Unity Premium Cash Offer Booklet dated 22 June 2021 for further information in relation to the Rights Issue Offer and New Australian Unity Premium Cash Offer, respectively.

<sup>16</sup> Dates are as at the date of this document and based on information provided by NorthWest.

## 6. Detailed reasons to VOTE AGAINST the NorthWest/GIC Proposal

### 1. The AUFM Board considers that the NorthWest/GIC Proposal undervalues AUHPT and does not reflect the basis on which AUHPT unitholders invest in AUHPT units, and continue to hold AUHPT units over long periods of time

- The premium to net assets implied by the NorthWest/GIC Proposal reflects less than 10 months' worth of AUHPT's unitholder total return (based on AUHPT's wholesale units' total returns (after fees) for the last twelve months<sup>17</sup>).
- The AUFM Board considers that the NorthWest/GIC Proposal does not appropriately reflect a change of control portfolio value. It is only 3.8% above recent minority investments made by Dexu and Australian Unity (through AUSH) announced on 9 June 2021.
- The current premium offered by NorthWest/GIC is below the premium offered in, what the AUFM Board considers to be, the most comparable recent precedent transaction in the healthcare real estate space, being NorthWest's acquisition of Generation Healthcare REIT (Generation Healthcare) which was at a 38.6% premium to net assets (noting the AUFM Board considers the Generation Healthcare portfolio to be an inferior quality portfolio to AUHPT's).
- Other recent and ongoing transactions in the real estate sector demonstrate the demand for high quality Australian real estate assets, and the AUFM Board considers that this is not reflected in the NorthWest/GIC Proposal.
- The point in time price implied under the NorthWest/GIC Proposal does not adequately reflect the value to AUHPT unitholders of an investment in AUHPT, including tax effective, regular and predictable income.

#### Premium implied by the NorthWest/GIC Proposal does not represent a long period of AUHPT returns

The NorthWest/GIC Proposal of \$2.70 per wholesale unit<sup>18</sup> represents an approximately 19% premium to AUHPT's wholesale unit price of \$2.27 as at 18 June 2021. The AUFM Board does not believe that the premium being offered to AUHPT unitholders reflects an appropriate value for a change of control of the portfolio (see further below).

AUHPT is a scale and uniquely diverse portfolio of long-leased operating healthcare real estate assets, with potential future growth underpinned by an attractive and significant development pipeline, of particular interest to a potential acquirer. As the pipeline is developed, future value is expected to be unlocked for unitholders. This is anticipated to be accelerated following AUHPT's recent equity raise of up to approximately \$320 million, announced on 9 June 2021.

Additionally, the AUFM Board believes there remain positive tailwinds in the real estate sector, particularly in specialised sectors (such as healthcare). Realising your investment through the NorthWest/GIC Proposal now will cease your further participation via your AUHPT units in upside opportunities

<sup>17</sup> 12 months to 30 April 2021. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

<sup>18</sup> \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.

available in the healthcare real estate sector due to expected capitalisation rate compression and realisation of the potential value of AUHPT’s development pipeline. Additionally, the AUFM Board believes that any price paid for control of AUHPT should have regard to the potential future upside AUHPT unitholders would forgo if the NorthWest/GIC Proposal proceeds.

The table below illustrates that, based on AUHPT’s wholesale unit twelve month total return (based on AUHPT’s wholesale units’ total returns (after fees) for the last twelve months<sup>19</sup>), AUHPT unitholders would achieve a similar economic outcome by continuing to hold their AUHPT units for only the next 10 months, as compared to the economic outcome they would achieve if the NorthWest/GIC Proposal is implemented. However, as opposed to a scenario where the NorthWest/GIC Proposal proceeds, unitholders would continue to own AUHPT units, not have to pay any potential capital gains tax on their investment, and would benefit from any future income, revaluations and potential returns from the pipeline of developments and redevelopments being undertaken by AUHPT over the medium to longer term.

| Illustrative “Time to Achieve” NorthWest/GIC Proposal Offer Price                             |                 |                   |                    |                        |
|-----------------------------------------------------------------------------------------------|-----------------|-------------------|--------------------|------------------------|
| <b>Current AUHPT Net Asset Value wholesale unit price (at 18 June 2021)</b>                   | <b>A\$/unit</b> | <b>2.2674</b>     |                    |                        |
| <b>NorthWest/GIC Proposal</b>                                                                 | <b>A\$/unit</b> | <b>2.7000</b>     |                    |                        |
|                                                                                               |                 |                   |                    |                        |
| <b>Unitholder return period</b>                                                               |                 | <b>1-yr avg.</b>  | <b>5-yr avg.</b>   | <b>Since inception</b> |
| <b>AUHPT wholesale unit total return (after fees) per annum<sup>20</sup></b>                  | <b>%</b>        | <b>25.09%</b>     | <b>14.89%</b>      | <b>12.27%</b>          |
| <b>Expected number of months to achieve a return equivalent to the NorthWest/GIC Proposal</b> | <b>#</b>        | <b>9.4 months</b> | <b>15.1 months</b> | <b>18.2 months</b>     |

**The AUFM Board considers that the NorthWest/GIC Proposal does not appropriately reflect a change of control portfolio value, with the premium immaterial to recent minority investments**

As part of AUHPT’s recently announced equity raise of up to approximately \$320 million, Dexus and Australian Unity (through AUSH) separately acquired minority interests in AUHPT (approximately 7% and 1%, respectively) at an issue price of \$2.60 per wholesale unit. The NorthWest/GIC Proposal represents an immaterial premium of 3.8% to this issue price.

The AUFM Board expects that a change of control proposal to acquire 100% of AUHPT should be at a material premium to the price at which an investor is willing to acquire a minority interest in AUHPT. An acquirer of AUHPT would benefit from (and AUHPT unitholders would lose exposure to) aspects such as the scarcity of opportunities in Australian healthcare real estate and a unique and diversified portfolio which has taken over 20 years to construct. Other additional benefits available to an acquirer of 100% of AUHPT include potential synergies, transaction cost benefits and control (among other factors).

<sup>19</sup> 12 months to 30 April 2021. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

<sup>20</sup> To 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. Inception date for performance calculations is 28 February 2002.

Additionally, NorthWest/GIC has demonstrated its willingness to acquire a minority interest in AUHPT at its \$2.70 per wholesale unit offer price by way of its premium cash offer (which may put at risk AUHPT’s tax status, and has potential stamp duty consequences that could potentially impact all AUHPT unitholders, as set out in further detail in Appendix (b) of this document). Through these actions, the AUFM Board considers that NorthWest/GIC may be attempting to creep up the AUHPT register (without paying a change of control premium or with the consent of AUHPT’s broader investor base) for the same price as its change of control proposal (noting the minority interest NorthWest has already acquired from Hume).

AUHPT has an acquisition and development pipeline worth over \$1 billion, with projects ranging from greenfield development to brownfield expansion of existing facilities. A number of these development projects have already commenced this year, for example the development at the Sunshine Private Hospital, and AUHPT unitholders are well placed to benefit from the progress of such developments through to completion.

The equity raise of up to approximately \$320 million announced by AUHPT on 9 June 2021 has also provided the flexibility and optionality to accelerate development in this pipeline, which is expected to unlock further near term value for AUHPT unitholders.

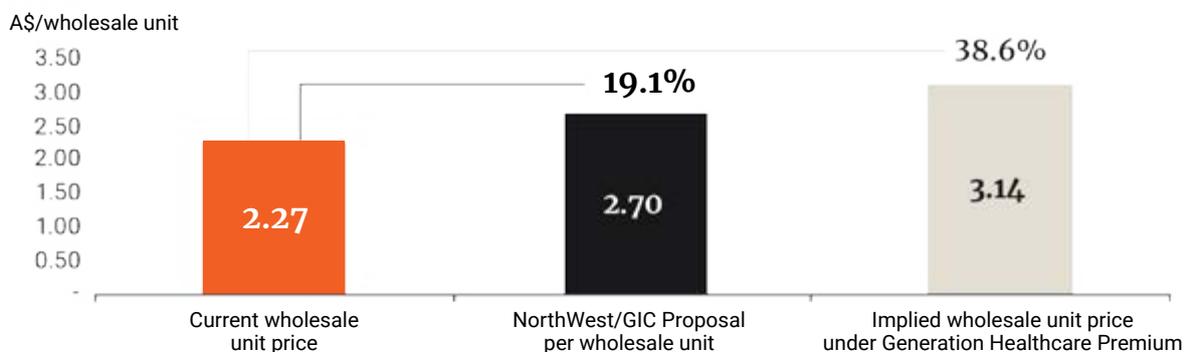
The AUFM Board considers that the NorthWest/GIC Proposal does not appropriately reflect the potential material value AUHPT unitholders are expected to have the opportunity to realise from its strong development pipeline (details of which are set out in the table below, noting that the pipeline is continuing to evolve and the development expenditure and timing may increase or decrease over time).

| Development opportunities                   | Development capital (A\$m) | Development Manager | Precinct | Estimated construction period |
|---------------------------------------------|----------------------------|---------------------|----------|-------------------------------|
| <b>Sunshine Private Hospital, VIC</b>       | 100                        | AU                  | Yes      | <b>2021 – 2022</b>            |
| <b>Kellyville Medical Centre, NSW</b>       | 8                          | Tenant              | n/a      | <b>2021 – 2022</b>            |
| <b>Weststate Private Hospital, QLD</b>      | 46                         | Tenant              | n/a      | <b>2021 – 2023</b>            |
| <b>Matilda Private Hospital Nepean, NSW</b> | 37                         | Tenant              | Yes      | <b>2021 - 2023</b>            |
| <b>Meadowbrook, QLD (Stage 1)</b>           | 100                        | TBA                 | Yes      | <b>2022 – 2023</b>            |
| <b>SA Major Health Precinct, SA</b>         | 250                        | TBA                 | Yes      | <b>2022 – 2025</b>            |
| <b>Herston Private Hospital, QLD</b>        | 150                        | TBA                 | Yes      | <b>2023 – 2024</b>            |
| <b>Brownfield expansions</b>                | 150                        | TBA                 | n/a      | <b>FY22+</b>                  |
| <b>QLD Private Hospital 1</b>               | 200                        | TBA                 | Yes      | <b>FY23+</b>                  |
| <b>Birtinya Medical Centre, QLD</b>         | 30                         | TBA                 | Yes      | <b>FY23+</b>                  |
| <b>Greenfield sites</b>                     | 360                        | TBA                 | TBA      | <b>FY23+</b>                  |
| <b>Kingwood Private Hospital 2, NSW</b>     | 40                         | TBA                 | Yes      | <b>FY25+</b>                  |
| <b>Total pipeline</b>                       | <b>over \$1 billion</b>    |                     |          |                               |

**The premium being offered by NorthWest/GIC is below the premium offered in what the AUFM Board considers to be the most comparable precedent transaction in healthcare real estate**

The AUFM Board considers that the most comparable precedent transaction to the NorthWest/GIC Proposal in recent times is NorthWest’s acquisition of Generation Healthcare, which was completed in 2017 at a 38.6% premium to Generation Healthcare’s net assets (noting the AUFM Board considers the Generation Healthcare portfolio to be an inferior quality portfolio to AUHPT’s).

As shown in the chart below, this is a materially higher premium (more than double) than the premium being offered under the NorthWest/GIC Proposal. If the NorthWest/GIC Proposal was offered at the same premium to net assets, it would represent an offer of approximately \$3.14 per wholesale unit, an additional approximately \$0.43 per wholesale unit to NorthWest/GIC’s current offer and \$0.87 per wholesale unit above the current unit price.



Note: Current wholesale unit price as at 18 June 2021.

Included in the NorthWest Materials that you may have received is an “Independent Expert’s Report” that was commissioned by NorthWest<sup>21</sup>. As set out in that report, the party which prepared the report did not believe the premium paid on the Generation Healthcare transaction was fully applicable to the valuation of AUHPT due to (among other aspects):

- a) only circa 50% of properties being valued in the half year prior to the announcement of the Generation Healthcare transaction; and
- b) that NorthWest, as the manager of Generation Healthcare, was able to realise some “special value” from the acquisition (savings on termination fees and other payments due to being the manager in conjunction with a change of control).

The AUFM Board disagrees with these specific assertions, given (respectively):

- a) the logic employed by the third party would appear to be speculative, particularly for a listed entity, where the responsible entity and manager (in that case, NorthWest) is expected to keep valuations current and up to date noting that ensuring property is valued at regular intervals is also a specific duty of the responsible entity under the Corporations Act; and
- b) AUFM as RE has not negotiated any termination payments with NorthWest/GIC in respect of its proposal, and therefore the AUFM Board expects that the same “special value” would be available to NorthWest/GIC under its proposal to acquire AUHPT as was available under NorthWest’s acquisition of Generation Healthcare.

<sup>21</sup> For which NorthWest paid \$350,000 plus GST.

**Other recent and ongoing transactions in the real estate sector demonstrate the attractiveness of scarcely available portfolios of Australian real estate in the current market, and the AUFM Board considers that this is not reflected in the NorthWest/GIC Proposal**

The AUFM Board considers that the NorthWest/GIC Proposal does not appropriately reflect the current sector and market demand for Australian real estate assets and scarcely available attractive portfolios (which AUFM notes were not identified or discussed as part of the “Independent Expert’s Report” commissioned by NorthWest). In particular, recent and ongoing transactions in the sector indicate that there is significant investor appetite for large scale, long weighted average lease expiry (**WALE**) assets. The healthcare real estate sector’s tailwinds appear to be being driven by strong fundamentals, including the requirement for critical infrastructure to service Australia’s fast growing ageing population. AUFM expects AUHPT to continue to deliver stable returns for AUHPT unitholders and the critical healthcare infrastructure it delivers to Australian communities for decades to come.

These market developments demonstrate the high demand for attractive real estate portfolios in Australia, and the value that acquirers are willing to pay to gain control.

**The point in time price implied under the NorthWest/GIC Proposal does not adequately reflect the value to AUHPT unitholders of an investment in AUHPT, including tax effective, regular and predictable income**

Feedback the AUFM Board has received from AUHPT unitholders suggests they have a preference for steady, stable, tax effective income and desire for long term returns, factors that cannot easily be captured in a point in time price.

AUHPT unitholders have enjoyed steady, quarterly distributions from their investment to date. A portion of AUHPT’s distributions have historically been tax deferred (AUHPT's wholesale unit distributions have comprised, on average over the last three years, a tax-deferred component of approximately 56%) which have the potential to lead to tax effective outcomes for certain AUHPT investors (depending on their specific circumstances). For long-term investors on capital account, income tax may not be payable on the tax-deferred component of the distribution, provided the total tax-deferred components of distributions received do not exceed an investor’s cost base in the investment.

*Please note that the section below has been prepared for illustrative purposes only and is general in nature for investors who hold units in AUHPT on capital account. You should consider your own circumstances and are encouraged to seek independent financial and taxation advice before making any investment decision.*

The tables over illustrate the after-tax outcomes for distributions with and without a tax-deferred component under two tax rate scenarios (being 47%, the top Australian-resident individual marginal tax rate inclusive of Medicare levy; and 15%, being the rate applicable to Australian-resident complying superannuation funds), which result in a more effective income tax position. The tax deferred proportion of the distribution is based on the last three years’ tax deferred proportion of wholesale units.

Tax rate of 47%

| Illustrative per wholesale unit analysis                         |                 | No Tax-Deferred Component | Tax-Deferred Component |
|------------------------------------------------------------------|-----------------|---------------------------|------------------------|
| <b>Distribution received per wholesale unit</b>                  | <b>per unit</b> | <b>10.0c</b>              | <b>10.0c</b>           |
| <b>Tax deferred proportion (avg. last 3 years distributions)</b> | <b>%</b>        | <b>0%</b>                 | <b>56%</b>             |
| <b>Taxable distribution per wholesale unit</b>                   | <b>per unit</b> | <b>10.0c</b>              | <b>4.4c</b>            |
| <b>Income tax payable (ie. 47.0%)</b>                            | <b>per unit</b> | <b>(4.7c)</b>             | <b>(2.1c)</b>          |
| <b>Distribution after tax</b>                                    | <b>per unit</b> | <b>5.3c</b>               | <b>7.9c</b>            |

Tax rate of 15%

| Illustrative per wholesale unit analysis                         |                 | No Tax-Deferred Component | Tax-Deferred Component |
|------------------------------------------------------------------|-----------------|---------------------------|------------------------|
| <b>Distribution received per wholesale unit</b>                  | <b>per unit</b> | <b>10.0c</b>              | <b>10.0c</b>           |
| <b>Tax deferred proportion (avg. last 3 years distributions)</b> | <b>%</b>        | <b>0%</b>                 | <b>56%</b>             |
| <b>Taxable distribution per wholesale unit</b>                   | <b>per unit</b> | <b>10.0c</b>              | <b>4.4c</b>            |
| <b>Income tax payable (ie. 15.0%)</b>                            | <b>per unit</b> | <b>(1.5c)</b>             | <b>(0.7c)</b>          |
| <b>Distribution after tax</b>                                    | <b>per unit</b> | <b>8.5c</b>               | <b>9.3c</b>            |

*Any tax-deferred component of the distribution will reduce the cost base of the units, which may have implications for tax payable on the disposal of units (noting that depending on your personal circumstances, a discount on capital gains tax may be available).*

“AUHPT unitholders have exposure to a valuable, high quality and scarcely available portfolio of Australian healthcare assets, which has generated consistently high returns with low volatility to date and the AUFM Board considers this to be worth more than NorthWest/GIC is offering”

**2. The AUFM Board considers that the NorthWest/GIC Proposal does not represent a superior outcome to AUHPT’s existing ownership and management structure, and notes that unitholders will forfeit their exposure to potential future upside and growth in AUHPT if the NorthWest/GIC Proposal proceeds**

- AUHPT’s management team is well positioned to continue to deliver steady and stable returns for AUHPT unitholders. If the NorthWest/GIC Proposal proceeds, AUHPT unitholders will lose exposure to potential future upside and growth in AUHPT.
- AUHPT unitholders may consider that there are limited alternative investment options (with similar return and risk profiles) in which to redeploy the post-tax capital proceeds from their investment in AUHPT if the NorthWest/GIC Proposal proceeds.

**The AUFM Board considers that the NorthWest/GIC Proposal does not represent a superior outcome to AUHPT’s existing ownership and management structure, and if the NorthWest/GIC Proposal proceeds, AUHPT unitholders will lose exposure to potential future upside and growth in AUHPT.**

As set out in the table below, AUHPT’s existing management team has delivered strong returns to unitholders since inception of AUHPT.

| Returns period                                                         | 1-yr avg. | 5-yr avg. | Inception |
|------------------------------------------------------------------------|-----------|-----------|-----------|
| AUHPT wholesale unit total return per annum (after fees) <sup>22</sup> | 25.09%    | 14.89%    | 12.27%    |

A key feature of AUHPT to date has been its stable income and distributions to investors through the cycle, and the very limited volatility in its unit price (in part due to it being an unlisted REIT), which has been particularly attractive to retiree investors seeking regular distribution returns.

Since its establishment over 20 years ago, AUHPT has primarily grown organically, demonstrating the strength of its relationships with tenants and other stakeholders. Through its management by Australian Unity’s property team, AUHPT unitholders have access to a range of development and acquisition opportunities that other property managers in Australia and overseas potentially cannot provide. AUHPT is a long-term owner of hospital assets (and other healthcare assets) and has worked with hospital operators (and other key stakeholders such as governments) to put in place multi-decade development plans, supported by long term and considered master planning, to invest in critical community infrastructure that serves the healthcare needs of Australians.

There are several opportunities that only AUHPT investors are able to access given the broader role Australian Unity plays in the social infrastructure and wellbeing sectors. An example of this is the recently completed Surgical, Treatment and Rehabilitation Service (**STARS**), a 182-bed public hospital at Herston in Queensland. Australian Unity group was selected as the master developer for the Herston Quarter site, with AUHPT funding the development of STARS, a crucial and unique piece of public infrastructure. AUHPT management and indeed the Australian Unity group have had discussions with various state governments about other potential opportunities in the future.

Today, AUHPT has a development and acquisition pipeline worth over \$1 billion. AUHPT’s recently announced equity raise on 9 June 2021 is set to accelerate development of these projects, which the existing management team is well placed to deliver and realise value for AUHPT unitholders.

<sup>22</sup> To 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. Inception date for performance calculations is 28 February 2002.

While the recently announced equity raise does provide flexibility and optionality for the capital management of AUHPT, the addition of Dexus to the AUHPT register is expected to further enhance the expertise to support AUHPT's future. This includes the establishment of a development cooperation agreement with Dexus, to explore opportunities to partner regarding the investment in, and development of, healthcare real estate in Australia and access to Dexus' high quality diversified real estate platform.

AUHPT's unique exposure to healthcare assets, coupled with the strength of relationships and access it has to key stakeholders (as outlined above) means it is well placed to provide and develop the crucial infrastructure to support Australia's growing healthcare needs and demands.

**AUHPT unitholders may consider that there are limited alternative investment options (with similar return and risk profiles) to their investment in AUHPT**

AUHPT unitholders may consider that there are limited similarly stable and attractive investment options in which investors can redeploy any after-tax proceeds from a sale if the NorthWest/GIC Proposal proceeds, while achieving equivalent distributions and risk profile as their investment in AUHPT. The AUFM Board notes that a number of independent fund researchers have noted AUHPT represents one of the few ways for investors to access this specialist asset class directly.

**“The AUHPT management team are well placed to continue to deliver strong returns for AUHPT unitholders”**

### 3. The AUFM Board considers that the NorthWest/GIC Proposal is opportunistic, and is concerned that it is being pursued in an unusual way which may circumvent AUHPT unitholder protections

- **NorthWest/GIC appears to be seeking to take advantage of AUHPT’s unlisted trust structure.**
  - NorthWest describes the NorthWest/GIC proposal as a “trust scheme”, but the process it has proposed to implement it excludes the customary involvement of AUFM, as RE of AUHPT, ASIC in its role as reviewer of the disclosure materials and the court in its typical role of supervising such schemes, as is usual in these types of transaction structures.
  - In addition, AUFM understands that NorthWest intends to vote its AUHPT interests in favour of its proposal and that Hume will also be voting its units in favour of the NorthWest/GIC Proposal, a position that would not be permitted in transaction structures of a similar nature.
- **AUFM has become aware of unsubstantiated concerns being generated in the media regarding AUFM’s governance, as RE of AUHPT, including its independence and role as manager.**

#### **NorthWest/GIC appears to be seeking to take advantage of AUHPT’s unlisted structure**

The process that NorthWest has proposed for the unitholder meeting it is seeking to convene to acquire 100% of the units in AUHPT is unusual. While NorthWest has described the NorthWest/GIC proposal as a “trust scheme”, its proposed process to implement the NorthWest/GIC Proposal excludes any involvement by AUFM in its capacity as RE of AUHPT, ASIC in its customary role as reviewer of any disclosure materials and the court in its typical role of supervising trust schemes, as is usual for these types of transaction structures.

AUFM understands that NorthWest intends to vote its AUHPT interests in favour of its proposal and that Hume will also be voting its units in favour of the NorthWest/GIC Proposal, a position that would not be permitted in transaction structures of a similar nature. This is of concern to the AUFM Board noting that the approval threshold for the proposed resolution is at least 75% of the votes cast by unitholders who are entitled to vote on the resolution.

#### **AUFM has become aware of unsubstantiated concerns being generated in the media regarding AUFM’s governance, as RE of AUHPT, including its independence and role as manager.**

As previously announced, AUFM has become aware of unsubstantiated concerns being generated in the media regarding AUFM’s governance, as RE of AUHPT, including its independence and role as manager.

As responsible entity of AUHPT, AUFM is required to act in the best interests of AUHPT unitholders, and that fundamental duty is applied by AUFM in all decisions relating to AUHPT, including its assessment of NorthWest/GIC’s proposals. AUHPT’s existing governance arrangements have operated effectively and been endorsed by independent researchers.

AUFM refused to engage with NorthWest/GIC on its approximately \$58 million facilitation payment offer which the AUFM Board believes was aimed at encouraging the AUFM Board to support an offer from NorthWest/GIC to AUHPT unitholders (and the AUFM Board notes has not been disclosed to unitholders). AUFM has indicated to NorthWest/GIC that in assessing the proposals from NorthWest/GIC, AUFM will only act in accordance with what is in the best interests of unitholders.

“NorthWest describes the NorthWest/GIC proposal as a “trust scheme”, however its proposed process for the unitholder meeting it is seeking to convene excludes the involvement of AUFM, as RE of AUHPT, ASIC and the court, as is usual for these kinds of transaction structures”

#### 4. NorthWest/GIC has made, and offered, additional payments to certain AUHPT unitholders and stakeholders that it is not offering to all AUHPT unitholders

- NorthWest entered into Put/Call Options with Hume over approximately 11.1% of the units in AUHPT (calculated as at the date NorthWest convened the proposed unitholder meeting) in addition to its approximately 5.1% minority interest in AUHPT acquired from Hume (also calculated as at the date NorthWest convened the proposed unitholder meeting).
  - In connection with entry into these arrangements, NorthWest has stated that it paid Hume a non-refundable payment of \$50,164,430.53, equating to approximately \$0.36 per AUHPT wholesale unit more<sup>23</sup> than what other AUHPT unitholders will receive under the NorthWest/GIC Proposal.
- NorthWest/GIC previously offered AUFM what it described as an “above market” approximately \$58 million “facilitation” fee in connection with its first proposal (of approximately \$2.20 per AUHPT wholesale unit). AUFM as your RE, refused to negotiate with NorthWest/GIC on this proposed facilitation fee which the AUFM Board believes was offered by NorthWest/GIC to encourage the AUFM Board to support an offer from NorthWest/GIC to AUHPT unitholders.

#### NorthWest has Put/Call Options with Hume, which have included an additional non-refundable payment to Hume that is not being offered to all AUHPT unitholders

In NorthWest’s “Trust Scheme Booklet” dated 28 May 2021, NorthWest states that it entered into put and call arrangements with Hume in December 2020 and January 2021 providing for the purchase of an approximate 16% interest in AUHPT<sup>24</sup>, ahead of approaching AUFM (and in anticipation that NorthWest would be able to negotiate a recommended transaction with AUFM). NorthWest also states in its “Trust Scheme Booklet” dated 28 May 2021 that, in May 2021, as it became apparent that AUFM was not prepared to enter into a transaction with NorthWest, it varied the previous arrangements with Hume and directly acquired an approximate 5.1% interest in AUHPT from Hume<sup>25</sup> (so that it could directly convene the proposed unitholder meeting) and entered into new put and call options over the remaining approximately 11.1% interest in AUHPT<sup>26</sup>.

NorthWest has stated in its “Trust Scheme Booklet” dated 28 May 2021 that Hume will be paid the same amount per unit as all other AUHPT unitholders. However, it also states that NorthWest paid Hume a non-refundable amount of approximately \$50 million for the entry into the original put and call arrangements, equating to approximately \$0.36 per AUHPT wholesale unit higher<sup>27</sup> than what other AUHPT unitholders will receive under the NorthWest/GIC Proposal. This amount is not being offered to other AUHPT unitholders.

As a result, under the current NorthWest/GIC Proposal of \$2.70 per wholesale unit, it appears Hume will receive consideration of approximately \$3.06 for each AUHPT unit, representing a material 13.3% premium above NorthWest/GIC’s “best and final” offer to other AUHPT unitholders.

The AUFM Board also considers that the entry by NorthWest into the Put/Call Options may have been intended to pressure AUFM into making a recommendation to AUHPT unitholders to vote in favour of its proposal (and, in turn, to pressure AUHPT unitholders into voting in favour of its proposal) on the basis that these would reduce the likelihood of any third party superior proposal from emerging. The AUFM Board notes that NorthWest has stated in its “Trust Scheme Booklet” dated 28 May 2021 that *“NorthWest considers that the likelihood of a Superior Proposal emerging is low given NorthWest Hold Trust holds 43,793,046 Wholesale Units (representing 5.1% of the value of Units on issue) and has put and call options over 95,919,374 Wholesale Units (representing 11.1% of the value of Units on issue).”*

<sup>23</sup> Calculated on the basis of 139,655,987 units, subject to the original put and call arrangements entered into by NorthWest and Hume in December 2020 and January 2021. The non-refundable amount would equate to an additional approximately \$1.15 per wholesale unit based on the 43,793,046 wholesale units (approximately 5.1% of the units in AUHPT as at the date NorthWest convened the proposed unitholder meeting) that have actually been acquired by NorthWest from Hume.

<sup>24</sup> Prior to the placements to Dexu and Australian Unity announced on 9 June 2021.

<sup>25</sup> Prior to the placements to Dexu and Australian Unity announced on 9 June 2021.

<sup>26</sup> Prior to the placements to Dexu and Australian Unity announced on 9 June 2021.

<sup>27</sup> Calculated on the basis of 139,655,987 units, subject to the original put and call arrangements entered into by NorthWest and Hume in December 2020 and January 2021. The non-refundable amount would equate to an additional approximately \$1.15 per wholesale unit based on the 43,793,046 wholesale units (approximately 5.1% of the units in AUHPT as at the date NorthWest convened the proposed unitholder meeting) that have actually been acquired by NorthWest from Hume.

**NorthWest/GIC previously attempted to secure the AUFM Board’s support for a NorthWest/GIC proposal by offering AUFM a “facilitation” fee of approximately \$58 million which has not been disclosed to unitholders**

In connection with the first proposal from NorthWest/GIC to acquire all of the units in AUHPT, NorthWest/GIC put forward an offer to AUFM of an approximately \$58 million “facilitation” fee in relation to the transfer of management functions with respect to AUHPT, in connection with a recommended offer to acquire 100% of AUHPT.

AUFM refused to engage in negotiations regarding such a facilitation arrangement, and indicated that the only matter it would consider was whether any NorthWest/GIC proposal to acquire 100% of the units in AUHPT was in the best interests of AUHPT unitholders. In particular, the AUFM Board was concerned that the facilitation fee offered by NorthWest/GIC was intended to encourage the AUFM Board to support an offer from NorthWest/GIC to AUHPT unitholders.

“NorthWest/GIC is not offering the same consideration to all AUHPT unitholders. In particular, it appears that Hume will receive approximately \$0.36 per AUHPT wholesale unit more than what other AUHPT unitholders will receive under the NorthWest/GIC Proposal”

## 5. NorthWest continues to take actions which are contradictory and inconsistent with what it has said to AUFM and AUHPT unitholders

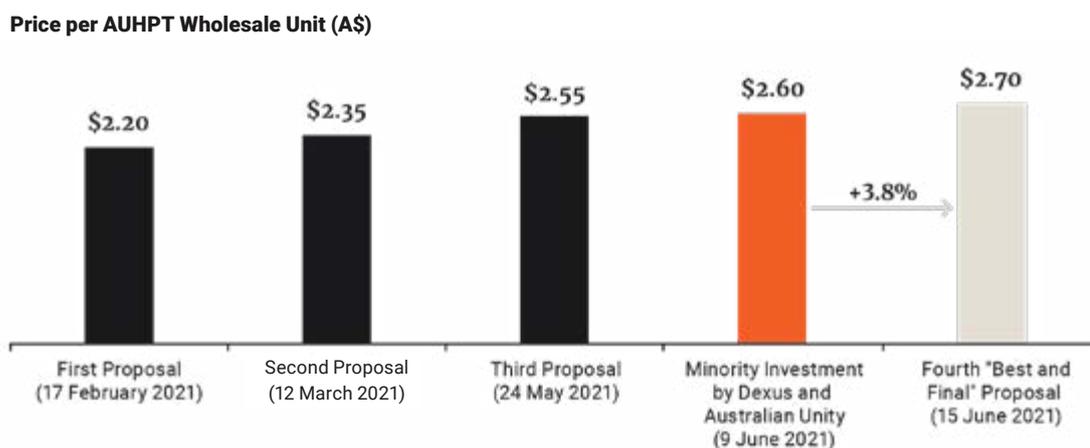
- NorthWest described each of the earlier proposals for AUHPT as “compelling” and “attractive” and has sought to progressively reduce the conditionality of its proposals, but has now increased the offer price under its proposal three times.
- NorthWest originally stated in relation to its third proposal, that, if an ‘adverse event’<sup>28</sup> occurred, the proposed transaction would not proceed<sup>29</sup>. However, NorthWest then subsequently waived this ‘adverse event’ condition in relation to the equity raising and placements announced by AUFM on 9 June 2021 despite NorthWest simultaneously seeking to invalidate those transactions through the Court.

### NorthWest described each of the earlier proposals for AUHPT as “attractive” and “compelling”, but has repeatedly increased its offer price

In each of the previous proposals to the AUFM Board, NorthWest repeatedly described the relevant offer price as a “compelling” and “attractive” value proposition which “implies pricing at a significant premium to all other valuation reference points”. With each of its proposals, NorthWest/GIC has also sought to progressively reduce the conditionality of its proposals, but has then subsequently increased its offer. In respect of its first and second proposals, the increases in the consideration offered by NorthWest/GIC are despite:

- the offer price under its first proposal of approximately \$2.20 per wholesale unit<sup>30</sup> being below the \$2.31 – \$2.50 value range per wholesale unit ultimately assessed by its own third party commissioned “Independent Expert”; and
- the offer price under its second proposal of approximately \$2.35 per wholesale unit<sup>31</sup> being at the bottom end of the range assessed in NorthWest’s “Independent Expert’s Report” to be fair market value for AUHPT.

NorthWest likewise expressed to unitholders that its third proposal “represents a compelling value proposition” in its “Trust Scheme Booklet” dated 28 May 2021, only to then increase its offer by a further \$0.15 per unit on 15 June 2021.



<sup>28</sup> As defined in NorthWest’s “Trust Scheme Booklet” dated 28 May 2021.

<sup>29</sup> See Section 3.1 of NorthWest’s “Trust Scheme Booklet” dated 28 May 2021.

<sup>30</sup> Approximately \$2.20 per wholesale unit, approximately \$2.25 per retail unit and approximately \$1.38 per Class A unit.

<sup>31</sup> Based on \$2.40 per wholesale unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.025 each). Estimated to be equivalent to a revised offer price of \$2.47 per retail unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.028 each) and \$1.55 per Class A unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.014 each).

**Waiver of ‘adverse event’ condition in relation to the equity raising and placements announced by AUFM on 9 June 2021**

NorthWest/GIC’s third proposal included an ‘adverse event’<sup>32</sup> condition, the occurrence of which, NorthWest stated in its “Trust Scheme Booklet” dated 28 May 2021, would mean that the proposed transaction would not proceed<sup>33</sup>. However, this ‘adverse event’ condition was subsequently waived by NorthWest in relation to the equity raising and placements announced by AUFM on 9 June 2021. In addition, AUHPT unitholders should note that NorthWest/GIC in fact increased its offer price to AUHPT unitholders by a further \$0.15 per wholesale unit following the announcement of the equity raising and placements by AUFM on 9 June 2021. Despite this, NorthWest is simultaneously seeking to invalidate the transactions announced by AUFM on 9 June 2021 through the Court, although the basis for the orders NorthWest is seeking continue to remain unclear to AUFM.

“NorthWest has described the three previous offers for AUHPT as “compelling” and “attractive” only for these to be subsequently increased on multiple occasions – the AUFM Board still believes that NorthWest/GIC is **NOT OFFERING TO PAY ENOUGH** to acquire your units”

<sup>32</sup> As defined in NorthWest’s “Trust Scheme Booklet” dated 28 May 2021.

<sup>33</sup> See Section 3.1 of the “Trust Scheme Booklet” dated 28 May 2021.

## 6. The materials provided by NorthWest (including the “Independent Expert’s Report” it commissioned) continue to contain a number of potentially serious deficiencies and omissions and are potentially misleading

- In connection with the NorthWest/GIC Proposal, NorthWest has provided AUHPT unitholders with a significant amount of materials (including supplementary materials), which have not been prepared or reviewed by AUFM, have not had any input from AUFM, and are not supported, recommended or endorsed by the AUFM Board. Those materials continue to contain a number of potentially serious deficiencies and omissions and are potentially misleading.
- These include:
  - a number of potential deficiencies in the “Independent Expert’s Report” commissioned by NorthWest<sup>34</sup>, including due to the fact that the “Independent Expert’s Report” is based only on a review of publicly available information and has not involved any access to due diligence or discussions with the management of AUHPT or the Board of AUFM, as RE of AUHPT;
  - a failure to provide any details in relation to GIC’s equity funding arrangements for the proposed transaction, despite the NorthWest Materials indicating that GIC is responsible for 70% of the equity funding commitments for the proposed transaction which appear to be approximately \$840 million in total; and
  - a failure to explain the potential impact of the Court proceeding commenced by AUFM on the outcome of the NorthWest/GIC Proposal.

### The materials provided by NorthWest continue to contain a number of potentially serious deficiencies and are potentially misleading

NorthWest has provided AUHPT unitholders with a significant amount of materials (including supplementary materials) in relation to its third and fourth proposals to acquire 100% of the units in AUHPT.

The NorthWest Materials you may have received from NorthWest have not been prepared or reviewed by AUFM, have not had any input from AUFM, and are not supported, recommended or endorsed by the AUFM Board.

The AUFM Board is concerned that the materials provided to AUHPT unitholders by NorthWest continue to contain certain potentially serious deficiencies and omissions and are potentially misleading, as set out below.

### The NorthWest commissioned “Independent Expert’s Report”

The “Independent Expert’s Report” commissioned by NorthWest, and the conclusion of the third party who has prepared it, is based only on a review of publicly available information. The third party who has prepared the report has not had access to due diligence, discussions with the management of AUHPT, or the Board of AUFM, as RE of AUHPT, which is customary for these kinds of reports and consistent with guidance provided by ASIC.

As a result, AUFM has identified a number of potential deficiencies in the “Independent Expert’s Report” commissioned by NorthWest which include, but are not limited to, the following:

### Lack of regard to AUHPT’s development pipeline

The third party who has prepared the report has noted in its report that AUHPT’s development pipeline presents significant risks and uncertainties. However, as noted above, this view has been reached based only on a review of publicly available information. In addition, in the AUFM Board’s view, the report does

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<sup>34</sup> For which NorthWest paid \$350,000 plus GST.

not consider the flexibility and optionality to accelerate AUHPT's pipeline, and deliver value to unitholders, offered by the recently announced equity raise of up to approximately \$320 million by AUFM.

### Regard to recent transactions

The third party who has prepared the report appears to have failed to have regard to recent and relevant transactions in the market that, in the AUFM Board's view, appropriately reflect market sentiment and demand for attractive real estate portfolios in the current environment. This includes, but is not limited to, the recent interest in, and ultimate acquisition of the previously Blackstone owned Milestone Portfolio, a portfolio of long WALE logistics assets, which was acquired by ESR Australia and GIC as well as the proposed acquisition of Vitalharvest REIT (a portfolio of diversified agricultural property assets) by an agricultural fund managed by Macquarie Infrastructure and Real Assets.

### Assertions made with respect to comparable trading and precedent transactions

The AUFM Board disagrees with some assertions made by the third party who has prepared the report on what the AUFM Board regards as the most directly comparable precedent transaction for AUHPT—NorthWest's acquisition of Generation Healthcare (see above for more information).

Vital Healthcare Property Trust (**Vital**) is a relevant comparable trading peer, as the third party has identified (although in the view of the AUFM Board, has an inferior portfolio to AUHPT's). There are however a number of factors that the third party appears to not have taken into consideration when having regard to Vital's trading multiples compared with AUHPT under a change of control situation:

- Vital's premium to net assets as stated in the report appears to be based on a trading price for a minority interest (and therefore would not appear to incorporate a change of control or portfolio premium which would be expected or necessary to acquire 100% of Vital);
- Vital is approximately 25.9% owned by NorthWest, which may mean its market and trading prices may not accurately represent true value, given its lower liquidity, NorthWest's effective influence over decision making in Vital, and NorthWest's presence potentially deterring potential suitors; and
- it is unclear on what basis the third party has formed the view that Vital's development pipeline has greater prospects than AUHPT's.

Similarly, the third party's approach to comparing the implied NorthWest/GIC Proposal weighted average capitalisation rate (**WACR**) to the WACRs of listed comparables is potentially misleading, as the WACRs of listed peers are in a non-control portfolio context, not a change of control 100% acquisition context as compared to the current situation with respect to AUHPT.

The AUFM Board believes the "Independent Expert" may have selectively used data points and references which seek to substantiate the views of NorthWest, rather than presenting an objective and independent set of metrics, including with respect to recent precedent transactions and comparable trading peers. The AUFM Board considers the references throughout the "Independent Expert's Report" in relation to NorthWest-managed Vital, relative to AUHPT, are a potential example of this issue.

### Conclusions in the "Independent Expert's Report" commissioned by NorthWest

The third party engaged by NorthWest to prepare the "Independent Expert's Report" has assessed the "fair market value of AUHPT Wholesale Units" to be in the range of \$2.31 to \$2.50 per wholesale unit. NorthWest/GIC's current offer of \$2.70 per wholesale unit is 20 cents beyond the upper end of this range, which suggests that NorthWest/GIC appears to have a different view as to what the fair value of AUHPT is to the third party "expert" it has engaged.

The AUFM Board considers that these circumstances may call into question the basis for the conclusions in the report, which, as noted above, have not involved any access to due diligence or discussions with the management of AUHPT, or the Board of AUFM, as RE of AUHPT.

### Preparation of a fully informed independent expert’s report

Should the AUFM Board at some point in the future receive a proposal from a counterparty that it believes is in the best interests of AUHPT unitholders, having regard to its value, conditionality and certainty, the AUFM Board would commission a fully informed independent expert to opine and report on the proposed transaction and would comply with the regulatory requirements in relation to the purpose and content of such reports. This report would form part of the extensive materials AUFM would provide to AUHPT unitholders at that time to enable them to make a properly informed decision about whether or not to accept a proposal.

### GIC’s equity funding arrangements

The NorthWest Materials do not provide any details in relation to GIC’s equity funding arrangements for the proposed transaction, other than to say that Salveo Trust, which NorthWest states is wholly-owned indirectly by GIC, has:

- provided a commitment in relation to its proportion of the total equity requirements for the third proposal from NorthWest/GIC at \$2.55 per wholesale unit<sup>35</sup>; and
- has sufficient available liquidity to fund its equity contribution (including its additional equity contribution associated with the latest proposal from NorthWest/GIC)<sup>36</sup>.

This can be contrasted with the details set out in the NorthWest Materials regarding the arrangements with regards to NorthWest’s proportion of the equity funding requirements for the proposed transaction, which NorthWest has stated include binding commitments from certain Canadian banks and a C\$200 million equity financing announced by NorthWest (comprised of a C\$175 million public offering and the sale of units in NorthWest for additional gross proceeds of approximately C\$25 million)<sup>37</sup>. The lack of details provided by NorthWest/GIC regarding GIC’s equity funding arrangements is of particular concern to the AUFM Board given the NorthWest Materials indicate that GIC is responsible for 70% of the equity funding commitments for the proposed transaction of approximately \$840 million in total.

### Failure to explain the potential impact of the Court proceeding commenced by AUFM on the outcome of the NorthWest/GIC Proposal

The AUFM Board is aware that unitholders may have recently received additional communications from NorthWest advising them of the court-ordered adjournment of the unitholder meeting convened by NorthWest from 10.00am (Melbourne time) on 1 July 2021 to 10.00am (Melbourne time) on 19 July 2021.

While those communications outline the details for the adjourned meeting, they fail to explain the impact of the ongoing Court proceeding commenced by AUFM on the outcome of the NorthWest/GIC Proposal. As noted in this document, the Court hearing to determine the judicial advice application made by AUFM, and the cross-claim filed by NorthWest, is currently scheduled for 22 July 2021 (being after the date of the unitholder meeting on 19 July 2021). As such, even if the NorthWest/GIC Proposal is approved by AUHPT unitholders by the requisite majority of AUHPT unitholders at the unitholder meeting, the Court may subsequently advise AUFM that the proposed unitholder resolution is an invalid exercise of power, in which case the NorthWest/GIC Proposal may not proceed.

**“The AUFM Board is concerned that the materials provided by NorthWest (including the “Independent Expert’s Report” it commissioned) continue to contain certain potentially serious deficiencies and omissions, and are potentially misleading”**

<sup>35</sup> See Section 3.6(c) of NorthWest’s “Supplementary Trust Scheme Booklet” dated 8 June 2021 and Section 3.5(b) of NorthWest’s “Second Supplementary Trust Scheme Booklet” dated 15 June 2021.

<sup>36</sup> See Section 3.6(c) of NorthWest’s “Supplementary Trust Scheme Booklet” dated 8 June 2021 and Section 3.5(b) of NorthWest’s “Second Supplementary Trust Scheme Booklet” dated 15 June 2021.

<sup>37</sup> See Section 3.6(c) of NorthWest’s “Supplementary Trust Scheme Booklet” dated 8 June 2021 and Section 3.5(b) of NorthWest’s “Second Supplementary Trust Scheme Booklet” dated 15 June 2021.

## 7. NorthWest/GIC is not required to act in the best interests of AUHPT unitholders, unlike AUFM, as RE of AUHPT

- Neither NorthWest, nor GIC, is required to act in the best interests of AUHPT unitholders, unlike AUFM, as RE of AUHPT.
- AUFM, as RE of AUHPT, has sought feedback from AUHPT unitholders to understand what is important to them, and taken this into consideration when assessing NorthWest/GIC's various proposals.
- Implementation of the NorthWest/GIC Proposal may lead to tax consequences for AUHPT unitholders that AUHPT unitholders should be aware of.

### NorthWest/GIC is not required to act in the best interests of AUHPT unitholders, unlike AUFM, as RE of AUHPT

AUFM is the RE of AUHPT. The duties of an RE are stipulated in the Corporations Act, and AUFM must comply with these requirements, which include (among other things) the duty to act in the best interests of unitholders.

Neither NorthWest, nor GIC, has any such duties to AUHPT unitholders and has no obligation to act in your best interests.

### AUFM has taken feedback from unitholders into consideration when assessing NorthWest/GIC's various proposals

AUFM has sought feedback from unitholders to understand what they are seeking from their investment in AUHPT. The feedback received consistently suggests that unitholders are not seeking liquidity from their investment in AUHPT. Rather, unitholders have indicated that they prefer the low volatility associated with the unique investment opportunity presented by Australian healthcare real estate and the steady, stable and tax effective income distributions which AUHPT has consistently delivered.

Primary areas of feedback that AUFM has taken into consideration when determining its response to NorthWest/GIC's proposals to date include, but are not limited to:

- the nature of AUHPT investors and their preference for steady, stable, tax effective income and desire for long term returns;
- concerns of many investors regarding the tax implications of a potential cash sale of investors' AUHPT units and their ability to then re-invest proceeds in comparable assets (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); and
- the very attractive current market conditions for the healthcare real estate sector in Australia.

### Implementation of the NorthWest/GIC Proposal may lead to tax consequences for AUHPT unitholders that AUHPT unitholders should be aware of

*Please note that the section below has been prepared for illustrative purposes only and is general in nature for investors who hold units in AUHPT on capital account. You should consider your own circumstances and are encouraged to seek independent financial and taxation advice before making any investment decision.*

If the NorthWest/GIC Proposal is approved and ultimately proceeds<sup>38</sup>, this will amount to a disposal of AUHPT unitholders' units. That is, a capital gains tax (CGT) event will occur for AUHPT unitholders if the NorthWest/GIC Proposal is implemented, and unitholders may be required to pay CGT on that disposal.

To the extent that the proceeds received by a unitholder (being, for example, \$2.70 for a wholesale unit) exceeds the cost base that the unitholder has in their AUHPT units, a capital gain would arise.

<sup>38</sup> Even if the NorthWest/GIC Proposal is approved by AUHPT unitholders at the NorthWest convened unitholder meeting, the NorthWest/GIC Proposal may not proceed if the Court subsequently advises AUFM that the proposed unitholder resolution is an invalid exercise of power.

The cost base that a unitholder has in their AUHPT units is broadly the original amount paid to acquire those units, plus any incidental costs incurred in respect of the acquisition or disposal of those units, less any tax deferred distributions that AUHPT has paid to the unitholder, or cost base reduction amounts that have been attributed to the unitholder. Unitholders who have held their units for a long period of time are likely to have a low cost base such that implementation of the NorthWest/GIC Proposal may give rise to a substantial capital gain.

Unitholders should be entitled to a CGT discount provided that they have held their AUHPT units for more than 12 months prior to the NorthWest/GIC Proposal being approved (should it be implemented). Resident individuals and trusts are entitled to a 50% discount and resident complying superannuation entities are entitled to a 33.33% discount. Companies and non-residents are not entitled to any discount.

The following provides an example:

*Assume a unitholder purchased 100,000 AUHPT wholesale units for \$1.37 in June 2014, and paid \$2,000 in related acquisition costs.*

*Since 2014, AUHPT has paid tax deferred distributions/ attributed cost base reduction amounts to that unitholder of a total of approximately \$0.23 per unit.*

*Accordingly, the unitholder's current cost base in their AUHPT units is \$116,000 (100,000 units x \$1.37 acquisition price; plus \$2,000 acquisition costs; minus 100,000 units x \$0.23 tax deferred distributions/ cost base reduction amounts).*

*If the NorthWest/GIC Proposal is implemented, the unitholder's capital gain (before discount) would be \$154,000 (being proceeds of \$270,000, \$2.70 x 100,000 units; less \$116,000 tax cost base in those units). An Australian resident individual on the top marginal tax rate (with Medicare levy of 2%) would pay tax of \$36,190 on this gain, after applying the 50% CGT discount.*

Non-resident unitholders should only pay Australian CGT on any gain if they (together with their associates) did not hold more than 10% of the units in AUHPT in any 12-month period falling within the 24 months prior to the date the NorthWest/GIC Proposal is approved. However, even if non-resident unitholders are not subject to Australian CGT, they may still be subject to tax in their own jurisdiction on the disposal of AUHPT units.

Finally, if the NorthWest/GIC Proposal proceeds, any unitholder whose units are acquired pursuant to the NorthWest/GIC Proposal will need to complete a disclosure form and provide it to NorthWest/GIC, otherwise NorthWest/GIC will withhold 12.5% of the proceeds of sale from that unitholder.

**“AUFM, as RE of AUHPT, has a duty to act in your best interests, whereas neither NorthWest, nor GIC, is subject to these obligations”**

## 7. Potential Implications of Court Proceedings

### Legal proceeding commenced by AUFM

As noted above and in previous correspondence, AUFM has significant concerns about a number of aspects of the NorthWest/GIC Proposal, including:

- the validity of the resolution to be voted on by AUHPT unitholders at the unitholder meeting which NorthWest is seeking to convene;
- the significant amount of materials provided by NorthWest to AUHPT unitholders (including supplementary materials), which have not been prepared or reviewed by AUFM, have not had any input from AUFM, and are not supported, recommended or endorsed by the AUFM Board; and
- the voting arrangements for the unitholder meeting, including the intention of NorthWest and Hume to vote on the proposed unitholder resolution in respect of their collective approximately 15.15% interest in AUHPT (following the placements to Dexus and Australia Unity announced on 9 June 2021).

In addition, NorthWest is proposing a process for the unitholder meeting that excludes any involvement of each of:

- AUFM in its role as RE of AUHPT;
- ASIC in its customary role as reviewer of the disclosure materials; and
- the court in its typical role of supervising trust schemes.

Accordingly, and as previously announced, to protect the interests of AUHPT unitholders, on 9 June 2021, AUFM commenced a legal proceeding in the Supreme Court of New South Wales to seek judicial advice in respect of matters relating to the NorthWest/GIC Proposal and the unitholder meeting NorthWest is seeking to convene. NorthWest subsequently filed a cross-claim in respect of AUFM's proceeding relating to the eligibility of AUFM, AUL, AUSH and Dexus to vote at the proposed unitholder meeting.

In connection with the legal proceeding commenced by AUFM as outlined above, AUFM also sought an order from the Court to adjourn the meeting of members of AUHPT called by NorthWest to permit the unitholder meeting to occur on a more orderly and informed basis. On 17 June 2021, the Court ordered that the NorthWest convened unitholder meeting be adjourned from 10.00am (Melbourne time) on 1 July 2021 to 10.00am (Melbourne time) on 19 July 2021.

The legal proceeding commenced by AUFM to seek judicial advice on matters relating to the meeting of AUHPT unitholders is not affected by the adjournment of the unitholder meeting that has been ordered by the Court. However, the Court hearing to determine the judicial advice application made by AUFM, and the cross-claim filed by NorthWest, is currently scheduled for 22 July 2021 (being after the date of the unitholder meeting on 19 July 2021). As such, even if the NorthWest/GIC Proposal is approved by AUHPT unitholders by the requisite majority of AUHPT unitholders at the unitholder meeting, the Court may subsequently advise AUFM that the proposed unitholder resolution is an invalid exercise of power. If this occurs, the NorthWest/GIC Proposal may not proceed.

The outcome of the legal proceeding AUFM has commenced is not certain. As such the AUFM Board recommends that you **VOTE AGAINST THE NORTHWEST/GIC PROPOSAL.**

### **Legal proceedings commenced by NorthWest**

As previously announced, NorthWest has also commenced legal proceedings in the Court seeking to invalidate the transactions announced by AUFM on 9 June 2021, being the current AUHPT Rights Issue Offer, the placements of wholesale units at a premium to Dexus and AUSH and the premium cash offer being made by AUSH.

In connection with the legal proceedings commenced by NorthWest, NorthWest has filed an application seeking an injunction from the Court to restrain AUFM from proceeding with the Rights Issue Offer to existing unitholders. NorthWest has also sought an injunction to restrain AUFM and AUSH from proceeding with the up to \$80 million Initial Australian Unity Premium Cash Offer and New Australian Unity Premium Cash Offer to existing unitholders, respectively. The Court hearing in relation to the injunction applied for by NorthWest is currently scheduled to occur on 2 July 2021.

AUFM will keep investors updated of material developments with respect to the Court proceedings, and in the meantime, will continue to actively take steps to ensure AUHPT unitholders' interests are protected.

# Important notices

## General

This document has been prepared for the information of unitholders of AUHPT in connection with the meeting of AUHPT unitholders convened by NorthWest to acquire 100% of the units in AUHPT.

**The unitholder meeting convened by NorthWest will be held at Grand Hyatt, 123 Collins Street, Melbourne on Monday, 19 July 2021 at 10.00am (Melbourne time).**

You should read this document in full before making any decision as to how to vote in relation to the proposal from NorthWest/GIC to acquire your units in AUHPT at an offer price of \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.

All information contained in this document is current as at the date of this document unless expressly stated otherwise.

## General information only

This document contains general information only. It has been prepared without taking into account the objectives, financial and taxation situation or particular needs of any AUHPT unitholder or any other person.

You are encouraged to seek independent financial and taxation advice before making any investment decision and any decision as to how to vote in relation to the NorthWest/GIC Proposal.

## Relationships or associations with financial product providers

AUFM, as RE of AUHPT, is part of the Australian Unity group and it may refer clients to other related entities within the Australian Unity group for products and services. AUFM staff or representatives may attend conferences or seminars that may be partly or fully sponsored by providers of financial service products.

## Remuneration

For operating AUHPT, AUFM, as RE, is entitled to be paid a base management fee that is:

- 0.65% p.a. of the gross asset value of AUHPT under \$2 billion; and
- 0.5% of the gross asset value of AUHPT above \$2 billion.

Further information about remuneration is set out in the Australian Unity Healthcare Property Trust – Wholesale Units Product Disclosure Statement dated 9 June 2021. You may request more details of these fees within a reasonable time after this document is given to you and before you are provided with further financial services and/or financial products from AUFM as RE.

## Forward looking statements

Some of the statements appearing in this document may be in the nature of forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to AUHPT and/or the industry in which it operates, as well as factors and risks relating to general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of AUFM, or its related entities, or any of their respective officers, directors, employees or advisers or any person involved in the preparation of this document makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements. Any forward looking statements in this document reflect views held only at the date of this document.

## Information about NorthWest and GIC

The information on NorthWest, GIC and each of their related entities contained in this document has been prepared by AUFM using publicly available information and has not been independently verified by AUFM. Accordingly, AUFM does not, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

## Foreign jurisdictions

The release, publication or distribution of this document in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This document has been prepared in accordance with the laws of Australia and the information contained in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of a jurisdiction outside Australia.

## Financial amounts, effects of rounding and charts and diagrams

All financial and dollar amounts in this document are expressed in Australian currency unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this document.

Any charts, diagrams, graphs or tables appearing in this document are illustrative only and may not be drawn to scale.

## Times and dates

All times and dates referred to in this document are times and dates in Melbourne, Australia, unless otherwise indicated.

## Websites

Any website links in this document are for your reference only. Information contained in, or otherwise accessible from, those website does not form part of this document.

## Privacy

AUFM has collected your information from the AUHPT register of unitholders for the purpose of providing you with this document. The type of information AUFM has collected about you includes your name, address details and information on your unitholding in AUHPT. Without this information, AUFM would be hindered in its ability to issue this document. The Corporations Act requires the name and address of unitholders to be held in a public register. Your information may be disclosed on a conditional basis to external service providers (such as the unit registry of AUHPT and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like to obtain details of the information about you held by the AUHPT unit registry in connection with your AUHPT units, please contact the registry.

AUFM respects your privacy - you can view Australian Unity's privacy policy at [www.australianunity.com.au/privacy-policy](http://www.australianunity.com.au/privacy-policy).

## AUHPT Unitholder Hotline

If you have any questions regarding the NorthWest/GIC Proposal or require any further information in relation to the NorthWest/GIC Proposal, please do not call the information line established by NorthWest/GIC. Instead, please call the AUHPT Unitholder Hotline on 1300 502 987 (Domestic) or +61 2 8022 7953 (International), or visit [www.australianunity.com.au/wealth/northwest-proposal](http://www.australianunity.com.au/wealth/northwest-proposal).

# Appendices

## (a) Frequently asked questions regarding the NorthWest/GIC Proposal

### What is the NorthWest/GIC Proposal?

The NorthWest/GIC Proposal is an unsolicited proposal from a consortium consisting of entities associated with Canadian healthcare real estate trust, NorthWest, and Singaporean sovereign wealth fund, GIC, to acquire 100% of the units in AUHPT at an offer price of \$2.70 per AUHPT wholesale unit, \$2.76 per AUHPT retail unit and \$1.69 per AUHPT Class A unit. The NorthWest/GIC Proposal is conditional on AUHPT unitholder approval and no further ‘adverse event’ (as defined in the NorthWest “Trust Scheme Booklet” dated 28 May 2021) occurring in relation to AUHPT<sup>39</sup>.

### What is the unitholder meeting that NorthWest is seeking to convene for?

NorthWest is seeking to convene the meeting of unitholders of AUHPT to consider and vote on the NorthWest/GIC Proposal by way of a resolution to amend the AUHPT constitution.

**The proposed unitholder meeting was to occur at 10:00am (Melbourne time) on 1 July 2021 but has been adjourned by court order to 10:00am (Melbourne time) on Monday 19 July 2021.**

**The AUFM Board unanimously recommends that you VOTE AGAINST the NorthWest/GIC Proposal.**

The AUFM Board does NOT support the convening of the meeting by NorthWest and has concerns about various aspects of it, including the validity of the resolution to be voted on by AUHPT unitholders, the information provided to AUHPT unitholders by NorthWest and the voting arrangements for the unitholder meeting.

### What should I do?

The AUFM Board has rejected the most recent NorthWest/GIC Proposal of \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit and recommends that you **TAKE IMMEDIATE ACTION AND VOTE AGAINST THE NORTHWEST/GIC PROPOSAL AND APPOINT, ROHAN MEAD, YOUR RESPONSIBLE ENTITY CHAIR, AS YOUR PROXY.**

The latest time that proxy forms can be received is **5:00pm (Melbourne time) on Friday 16 July 2021.**

You are encouraged to vote with AUFM’s Proxy Form which is included with this document. If you have already voted with Northwest’s posted proxy form, we ask that you re-vote using the AUFM Proxy Form.

### Why has the NorthWest/GIC Proposal been rejected by AUFM?

The AUFM Board has **carefully assessed and considered the most recent NorthWest/GIC proposal and formed the view that it is NOT IN THE BEST INTERESTS OF AUHPT UNITHOLDERS** on the basis that it continues to undervalue AUHPT, having regard to the current and expected future value of the portfolio and the benefits it could deliver to a potential acquirer. As such, the AUFM Board **RECOMMENDS THAT AUHPT UNITHOLDERS VOTE AGAINST THE NORTHWEST/GIC PROPOSAL.**

### Is the AUFM Board considering the best interests of AUHPT unitholders where assessing the proposals from NorthWest/GIC?

All decisions relating to the NorthWest/GIC proposals have been made by AUFM in the best interests of AUHPT unitholders, consistent with all other decisions made by AUFM as RE of AUHPT.

<sup>39</sup> NorthWest has confirmed that despite having an ‘adverse event’ condition in the previous NorthWest/GIC proposal, it will not rely on the recent AUHPT capital raisings and entry into arrangements with Dexus on 9 June 2021 to withdraw its proposal.

### **What do AUHPT unitholders think about the proposals?**

AUFM continues to engage extensively with unitholders who view the proposals from NorthWest/GIC as unattractive. Many investors have provided feedback to AUFM that the distribution income from their investment in AUHPT is essential to their standard of living and that they intend to retain their investment in AUHPT for the long term.

AUFM will continue to regularly communicate with AUHPT unitholders and unitholders are encouraged to contact the AUHPT Unitholder Hotline on 1300 502 987 (Domestic) or +61 2 8022 7953 (International) if they have questions relating to the proposals from NorthWest/GIC.

### **Will the NorthWest/GIC Proposal proceed if it is approved by AUHPT unitholders?**

The NorthWest/GIC Proposal will only be approved if the proposed unitholder resolution is passed by at least 75% of the votes cast by unitholders who are entitled to vote on the resolution and the Court does not rule such resolution to be an invalid exercise of power.

AUFM has commenced a legal proceeding in the Supreme Court of New South Wales to seek judicial advice on matters relating to the unitholder meeting, which NorthWest has sought to convene. AUFM has significant concerns about the validity of the resolution to be voted on by AUHPT unitholders, the materials provided by NorthWest to AUHPT unitholders, the voting arrangements for the unitholder meeting and other aspects of the NorthWest/GIC Proposal.

The Court hearing to determine the judicial advice application made by AUFM is currently scheduled for 22 July 2021 (being after the date of the unitholder meeting on 19 July 2021). As such, even if the NorthWest/GIC Proposal is approved by AUHPT unitholders at the unitholder meeting, the NorthWest/GIC Proposal may not proceed if the Court subsequently advises AUFM that the proposed unitholder resolution is an invalid exercise of power.

### **What should I do if NorthWest contacts me?**

If you receive communications from NorthWest and have feedback or questions relating to the proposals, please contact the AUHPT Unitholder Hotline on 1300 502 987 (Domestic) or +61 2 8022 7953 (International) rather than the information line established by NorthWest/GIC.

### **What if I have further questions about the NorthWest/GIC Proposal?**

If you have any further questions about the NorthWest Proposal, the NorthWest Materials provided to you or your investment in AUHPT, please call the AUHPT Unitholder Hotline on 1300 502 987 (Domestic) or +61 2 8022 7953 (International).

### **How do I apply for the Rights Issue Offer?**

The online Rights Issue Offer Application Form was made available on 9 June 2021 on our website at [www.australianunity.com.au/wealth/hpt](http://www.australianunity.com.au/wealth/hpt).

Due to the limited period for which the Rights Issue Offer is open AUFM encourages you to submit your application online to avoid disappointment.

If you require a paper copy of the Rights Issue Offer Application Form or directions to access the form online please contact us on 1300 997 774 or +61 3 9616 8687.

Please refer to the PDS for further details in relation to how to apply for the Rights Issue Offer.

## **(b) Proposed Premium Cash Offers by Australian Unity Strategic Holdings and NorthWest/GIC**

### **New Australian Unity Premium Cash Offer**

On 9 June 2021, AUFM, as RE of AUHPT, announced that AUSH was making an up to \$80 million premium cash offer to existing AUHPT unitholders, enabling unitholders seeking liquidity to seek to sell part or all of their investment in AUHPT at a wholesale unit price of \$2.60 (**Initial Australian Unity Premium Cash Offer**).

On 22 June 2021, AUSH determined to make a new premium cash offer at \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit. As announced on 22 June 2021, AUSH has determined to make this new premium cash offer following the NorthWest/GIC Proposal and NorthWest/GIC Facility (see further below). AUSH is offering the New Australian Unity Premium Cash Offer to further demonstrate the Australian Unity group's commitment to AUHPT's portfolio of unique healthcare and medical infrastructure assets that are necessary to support Australia's future healthcare needs. Additionally, AUFM appreciates that the New Australian Unity Premium Cash Offer may be appealing to some unitholders and AUFM wanted to support a pathway for unitholders who wish to exit their AUHPT investment in whole or part, but who do not want to be required to vote in a particular way on the NorthWest/GIC Proposal to do so.

The terms of the New Australian Unity Premium Cash Offer are consistent with the Initial New Australian Unity Premium Cash Offer, including a maximum of \$80 million<sup>40</sup>. Additionally, the New Australian Unity Premium Cash Offer enables AUHPT unitholders to realise liquidity for a portion of their AUHPT units, while continuing to retain an interest in AUHPT by voting against the NorthWest/GIC Proposal. As noted above, AUSH does not require AUHPT unitholders to vote in a particular way at the NorthWest convened unitholder meeting to be eligible to participate in the New Australian Unity Premium Cash Offer. AUHPT unitholders who wish to take up units in the AUHPT Rights Issue Offer announced on 9 June 2021 will not be able to participate in the New Australian Unity Premium Cash Offer.

If an AUHPT Unitholder applies in both the New Australian Unity Premium Cash Offer and the Initial Australian Unity Premium Cash Offer, AUSH will accept the application under the New Australian Unity Premium Cash Offer at the higher offer price rather than the Initial Australian Unity Premium Cash Offer subject to any scale back. AUHPT unitholders cannot participate in both the New Australian Unity Premium Cash Offer and the NorthWest/GIC Facility. For any AUHPT unitholders who have accepted into the NorthWest/GIC Facility and now want to accept the New Australian Unity Premium Cash Offer instead, we recommend that you contact NorthWest/GIC to indicate that you wish to withdraw your acceptance from the NorthWest/GIC Facility as soon as possible. If a unitholder lodges a proxy form voting against the NorthWest/GIC Proposal, that will breach one of the conditions of the NorthWest/GIC Facility.

Please refer to AUFM's announcement of 22 June 2021 for further details.

### **NorthWest/GIC Premium Cash Offer**

As noted above, in addition to the NorthWest/GIC Proposal, NorthWest has advised that NorthWest/GIC has put in place a \$400 million facility to acquire AUHPT units at \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit if the NorthWest/GIC Proposal is not successful (subject to scale back).

The NorthWest/GIC Facility is conditional on, and only available to, AUHPT unitholders who commit to vote in favour of the NorthWest/GIC Proposal and who do not participate in the current AUHPT Rights Issue Offer.

**The AUFM Board does not support or endorse this offer by NorthWest/GIC and recommends that AUHPT unitholders TAKE NO ACTION regarding the NorthWest/GIC Facility.**

<sup>40</sup> AUSH is offering to buy \$80 million of units in aggregate through the New Australian Unity Premium Cash Offer and the Initial Australian Unity Premium Cash Offer. Scale back mechanisms may apply if the premium cash offers are 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. AUSH retains the discretion to buy a greater amount than \$80 million of units overall across the New Australian Unity Premium Cash Offer and the Initial Australian Unity Premium Cash Offer.

In the event that the NorthWest/GIC Facility is fully subscribed, NorthWest has indicated that NorthWest/GIC's total interest in AUHPT would be approximately 30%<sup>41</sup>. If this were to occur (or if NorthWest/GIC were to otherwise acquire a substantial interest in AUHPT), there could be adverse stamp duty consequences for AUHPT and AUHPT unitholders, including:

- A greater risk of losing favourable, concessional duty treatment in Queensland, NSW, Victoria and SA **(Relevant States)**. For example:
  - o Currently, unit transactions in AUHPT (e.g. issues or redemptions (other than on a pro-rata basis), as well as unit transfers) are generally not dutiable in the Relevant States (except for an acquisition of 90% or more). This is because AUHPT is a widely held trust for duties purposes in the Relevant States.
  - o AUHPT currently holds a widely held trust status in Queensland, and unit transactions in AUHPT are not subject to Queensland duty provided that status is maintained. NorthWest/GIC's acquisition of units in AUHPT may result in a loss of widely held trust status if, broadly speaking, the top 20 AUHPT unitholders hold 75% or more of AUHPT units (on a related persons inclusive basis). If that occurs, duty would be payable<sup>42</sup> on any unit transaction in AUHPT, potentially making it more expensive for AUHPT unitholders to acquire their units.
- A greater risk of AUHPT becoming a 'foreign person' for duties purposes (given NorthWest/GIC's interest in AUHPT). If AUHPT becomes a 'foreign person' for duties purposes, AUHPT's acquisition of 'residential land' for duties purposes (which can extend to retirement village and aged care assets) can be subject to a foreign duty surcharge<sup>43</sup>. If that occurs, it would be more expensive for AUHPT to pursue acquisition opportunities.

<sup>41</sup> See NorthWest's announcement entitled "NorthWest Healthcare Properties Real Estate Investment Trust Increases its Offer Price to Acquire Australian Unity Healthcare Property Trust and also Provides the Ability for Unitholders to Tender their Units Immediately" dated 16 June 2021.

<sup>42</sup> Duty would be calculated at up to 5.75% (plus a 7% surcharge on residential land, where the acquirer is a foreign person, for Queensland duties purposes) on the higher of the applicable consideration for, and unencumbered market value of, the Queensland dutiable property of AUHPT.

<sup>43</sup> This applies in addition to the usual transfer duty, and in some cases can apply retrospectively. Surcharge rates vary between States, and are up to 8% on the higher of the applicable consideration for, and unencumbered market value of, the relevant 'residential land'.

### (c) Timeline of key events in relation to the NorthWest/GIC Proposal

| Date         | Event                                                                                                                                                                                                                                                                                                                               |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 31-Jan-21  | NorthWest informs AUFM that it 'controls' approximately 16% of AUHPT via a put and call option arrangement with Hume                                                                                                                                                                                                                |
| 2 12-Feb-21  | NorthWest/GIC formally approaches AUFM in relation to a proposal for AUHPT, and states its intention to submit an indicative offer for 100% of the units in AUHPT and an offer to AUFM for a "management facilitation" payment of approximately \$58 million, noted by NorthWest/GIC as "full and fair and above market precedents" |
| 3 17-Feb-21  | AUFM receives first unsolicited, conditional, non-binding and indicative proposal from NorthWest/GIC to acquire 100% of the units in AUHPT for cash consideration of approximately \$2.20 per wholesale unit <sup>44</sup>                                                                                                          |
| 4 22-Feb-21  | AUFM announces that independent valuations of 56% (by book value) of AUHPT's properties during February 2021 has resulted in a net increase of \$101.03 million or 9.22% from the properties' book value immediately prior to valuation                                                                                             |
| 5 26-Feb-21  | AUFM writes to unitholders advising that the AUFM Board has concluded that it is not in the best interests of AUHPT unitholders for AUFM to engage in any further discussions with NorthWest, having regard to the value, conditionality and lack of certainty associated with the first proposal                                   |
| 6 12-Mar-21  | AUFM receives second unsolicited, conditional, non-binding and indicative proposal from NorthWest/GIC to acquire 100% of the units in AUHPT for approximately \$2.35 per wholesale unit <sup>45</sup>                                                                                                                               |
| 7 26-Mar-21  | AUFM writes to unitholders advising that the AUFM Board has concluded that it is not in the best interests of AUHPT unitholders for AUFM to engage in any further discussions with NorthWest on the second proposal                                                                                                                 |
| 8 31-Mar-21  | AUFM declares quarterly distribution of 2.5050 cents per wholesale unit for the quarter ended 31 March 2021 <sup>46</sup>                                                                                                                                                                                                           |
| 9 6-Apr-21   | AUFM announces that independent valuations of 8.30% (by total book value) of AUHPT's properties during March 2021 has resulted in a net increase of \$10.22 million or 5.76% from the properties' book value immediately prior to valuation                                                                                         |
| 10 5-May-21  | AUFM announces that independent valuations of eight of AUHPT's properties during April 2021 has resulted in a net increase of \$68.34 million or 5.35% from the properties' book value immediately prior to valuation                                                                                                               |
| 11 24-May-21 | AUFM receives third unsolicited, conditional and non-binding proposal from NorthWest/GIC to acquire 100% of the units in AUHPT for approximately \$2.55 per wholesale unit <sup>47</sup>                                                                                                                                            |
| 12 26-May-21 | NorthWest advises AUFM that NorthWest/GIC has received Foreign Investment Review Board (FIRB) approval for its proposal and that FIRB approval no longer remains a condition of the proposal                                                                                                                                        |

<sup>44</sup> Approximately \$2.20 per wholesale unit, approximately \$2.25 per retail unit and approximately \$1.38 per Class A unit.

<sup>45</sup> Based on \$2.40 per wholesale unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.025 each). Estimated to be equivalent to a revised offer price of \$2.47 per retail unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.028 each) and \$1.55 per Class A unit (inclusive of March and June 2021 quarterly distributions estimated to be \$0.014 each).

<sup>46</sup> 2.5670 cents per retail unit and 1.3220 cents per Class A unit.

<sup>47</sup> \$2.55 per wholesale unit, \$2.61 per AUHPT retail unit and \$1.62 per Class A unit.

| Date            | Event                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13<br>31-May-21 | NorthWest advises AUFM that it has acquired 5.1% of the units in AUHPT from Hume and intends to convene a meeting of AUHPT unitholders to vote on its third proposal<br>NorthWest also advises AUFM that it is in the process of distributing a detailed booklet to unitholders regarding the proposed meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 14<br>1-Jun-21  | AUFM announces that independent valuations of eighteen of AUHPT's properties during May 2021 resulted in a net increase of \$10.33 million or 4.04% from the properties' book value immediately prior to valuation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 15<br>3-Jun-21  | AUFM writes to unitholders advising that the AUFM Board has formed the view that the third proposal from NorthWest/GIC is not in the best interests of AUHPT unitholders and noting (amongst other things) that: <ul style="list-style-type: none"> <li>the materials prepared by NorthWest have not been prepared or reviewed by AUFM, have not had any input from AUFM and are not supported, recommended or endorsed by the AUFM Board; and</li> <li>the AUFM Board does not support the convening of the unitholder meeting and recommends that unitholders take no action in relation to the meeting</li> </ul>                                                                                                                                                                                                                                                 |
| 16<br>9-Jun-21  | AUFM announces an equity raise of up to approximately \$320 million via: <ul style="list-style-type: none"> <li>an approximately \$120 million entitlement offer to existing unitholders; and</li> <li>a \$180 million placement to Dexus, and \$20 million placement to Australian Unity (through AUSH), each at \$2.60 per wholesale unit (an approximately 16% premium the wholesale unit price as at 4 June 2021)</li> </ul> AUFM also announces a premium cash offer by AUSH of up to \$80 million (at a wholesale unit price of \$2.60 <sup>48</sup> ) for existing AUHPT unitholders seeking liquidity in relation to their investment in AUHPT<br>AUFM commences a legal proceeding in the Supreme Court of New South Wales to seek judicial advice in respect of matters relating to the meeting of AUHPT unitholders which NorthWest is seeking to convene |
| 17<br>15-Jun-21 | AUFM receives a fourth, "best and final" (in the absence of a higher offer) unsolicited proposal from NorthWest/GIC to acquire 100% of the units in AUHPT for approximately \$2.70 per wholesale unit <sup>49</sup><br>NorthWest also advises AUFM that it has put in place a \$400 million facility <sup>50</sup> for NorthWest/GIC to acquire AUHPT units at \$2.70 per wholesale unit <sup>51</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 18<br>17-Jun-21 | The Supreme Court of New South Wales orders that the NorthWest convened unitholder meeting be adjourned from 10:00am on 1 July 2021 to 10:00am on 19 July 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 19<br>18-Jun-21 | AUFM writes to unitholders advising that the AUFM Board has formed the view that the fourth proposal from NorthWest/GIC is not in the best interests of AUHPT unitholders and recommends that unitholders vote against the proposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 20<br>22-Jun-21 | AUFM announces a new premium cash offer by AUSH of up to \$80 million (at a wholesale unit price of \$2.70 <sup>52</sup> ) for existing AUHPT unitholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>48</sup> \$2.6648 per retail unit and \$1.6273 per Class A unit.

<sup>49</sup> \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.

<sup>50</sup> Class A units capped at the lesser of \$12 million and 15% of the value of retail and wholesale units purchased.

<sup>51</sup> \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.

<sup>52</sup> \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit.



# For Real Wellbeing Since 1840

## **AUHPT unitholder hotline**

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This is an IMPORTANT document from your Responsible Entity (RE), Australian Unity Funds Management Limited ABN 60 071 497 115 (AUFM) regarding your investment interest in Australian Unity Healthcare Property Trust ARSN 092 755 318 (AUHPT) and requires your immediate attention

[australianunity.com.au/wealth/northwest-proposal](https://australianunity.com.au/wealth/northwest-proposal)