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YEARS

**Australian
Unity** 
Real Wellbeing

26 February 2021

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Dear investor

Your Investment in Australian Unity Healthcare Property Trust

Over the past fortnight you may have noted speculation in the press regarding Canadian listed real estate company NorthWest Healthcare Properties Real Estate Investment Trust's (**NorthWest**) potential interest in putting forward a proposal to acquire 100% of the units in the Australian Unity Healthcare Property Trust (**AUHPT**).

On 17 February 2021, Australian Unity Funds Management Limited (**AUFM**) as responsible entity (**RE**) of AUHPT, received an unsolicited, conditional, non-binding and indicative proposal (**Indicative Proposal**) from NorthWest, its related entities, and an offshore capital partner, to acquire 100% of the units in AUHPT for cash consideration at an assumed price for the AUHPT portfolio of \$2,309 million¹ (**Offer Price**).

As part of its efforts to acquire AUHPT, NorthWest has entered into an option arrangement with AUHPT's largest unitholder, which NorthWest has indicated provides it with control over 16.2% of the units in AUHPT.

As a valued unitholder in AUHPT, I wanted to write to you, on behalf of AUFM, to provide you with some additional information and context so that you are appropriately informed about the situation. The Board of AUFM has carefully considered the Indicative Proposal on its merits and 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 Indicative Proposal.

The Indicative Proposal **significantly undervalues AUHPT**, having regard to the current and expected future value of the portfolio and benefits it could deliver to a potential acquirer. The Indicative Proposal is **highly conditional** and has the potential to **erode value for existing unitholders by impacting our relationships with existing and potential counterparties**, without any certainty that a transaction would proceed.

AUHPT is the last remaining, scale portfolio of hospital and healthcare assets in the Australian market that remains owned by Australian investors. It is no surprise that AUHPT has attracted the attention of acquirers wanting to increase their exposure to Australia's highly sought after and scarce hospitals and associated healthcare real estate, seeking to circumvent the challenging deal-by-deal development required in building a high quality, balanced and diversified portfolio.

AUHPT has provided you, and your fellow investors, with consistent and stable returns over many years and is well placed to continue to provide these outcomes long into the future.

¹ Offer Price equivalent to ~\$2.20 per AUHPT Wholesale Unit, ~\$2.25 per AUHPT Retail Unit and ~\$1.38 per AUHPT Class A Unit

AUHPT was established by Australian Unity in 1999 and the fund has achieved considerable growth since, with assets now over \$2.45 billion. AUHPT has also delivered strong total returns of 11.75%² per annum to unitholders since inception, including a distribution return of 8.13%² per annum.

Further, AUHPT's future growth is underpinned by an attractive and deep pipeline of development projects worth in excess of \$1 billion, which continue to be progressed and are expected to deliver ongoing future value for unitholders.

As manager of AUHPT, Australian Unity provides AUHPT unitholders unique access to a range of development opportunities that other property managers in Australia and overseas cannot provide. AUHPT is a long-term owner of hospital assets (and other healthcare assets) and for over 21 years 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. This approach is exemplified by AUHPT's partnership with Queensland's Metro North Hospital and Health Service, innovatively originating new social infrastructure in the form of the recently completed development of the Surgical, Treatment and Rehabilitation Service—a 234 bed public hospital in Brisbane.

The AUHPT portfolio consists of vital healthcare and medical infrastructure assets to help meet Australia's future healthcare needs. AUHPT is a demonstration of the role that creatively managed Australian private capital informed by substantial local insight and experience in the healthcare sector can play in financing these infrastructure needs of our community. As a unitholder you are supporting the sustainable development of this crucial infrastructure.

As part of its approach, NorthWest has formally written to request AUHPT's register of members and we expect they will seek to contact you directly in relation to your holding in AUHPT.

IMPORTANTLY, THERE IS NO ACTION REQUIRED ON YOUR PART AT THIS TIME.

If you have any further questions about the Indicative Proposal, or your investment in AUHPT, we have established a unitholder hotline, which can be reached at 1300 502 987 (Domestic) or +61 2 8022 7953 (International).

Yours faithfully

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

Important information

Units in the Australian Unity Healthcare Property Trust (AUHPT) are issued by Australian Unity Funds Management Limited (AUFM) ABN 60 071497 115 AFS Licence number 234454. AUFM is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888. The information in this letter is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and permanently destroy the material. Australian Unity respects your privacy - you can view our privacy policy on our website at www.australianunity.com.au/privacy-policy.

² Based on Wholesale Units. Inception date for performance calculations is 28 February 2002. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.