

180
YEARS

**Australian
Unity** 
Real Wellbeing

18 June 2021

**Australian Unity
Funds Management Limited**

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Dear Investor

This is an **IMPORTANT** document from your Responsible Entity, Australian Unity Funds Management Limited (AUFM) regarding your investment in the Australian Unity Healthcare Property Trust (AUHPT) and requires your immediate attention.

THE AUFM BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST THE NORTHWEST PROPOSAL

- The AUFM Board **REJECTS** NorthWest's proposal of \$2.70 per wholesale unit, on the basis that it continues to undervalue AUHPT and is **NOT in the best interests of AUHPT unitholders**
- The AUFM Board unanimously recommends that AUHPT unitholders **VOTE AGAINST** the NorthWest Proposal
- The AUFM Board considers that the NorthWest Proposal is **opportunistic** and **DOES NOT FULLY VALUE AUHPT**
- AUHPT is a **unique portfolio of high quality healthcare assets** with a strong development pipeline, access to highly accretive opportunities and relationships with counterparties unmatched by other healthcare real estate players
- NorthWest has convened **an AUHPT unitholder meeting** without the support or endorsement of AUFM
- Following an application made by AUFM, the Supreme Court of New South Wales ordered that the NorthWest convened unitholder meeting **be adjourned from 10.00am on 1 July 2021 to 10.00am on 19 July 2021**
- The AUFM Board is **continuing to take steps to protect the interests of AUHPT unitholders**. In particular, the legal proceeding commenced by AUFM to seek judicial advice on matters relating to the meeting of AUHPT unitholders, including as to NorthWest's ability to vote at that meeting, remains ongoing and is not affected by the adjournment of the unitholder meeting ordered by the Court
- The AUFM Board intends to **provide further information to unitholders regarding its position** on the NorthWest Proposal ahead of the unitholder meeting
- If you have any further questions about voting, please call the dedicated hotline on **1300 502 987** (Domestic) or **+61 2 8022 7953** (International).

1. Fourth proposal from NorthWest to acquire 100% of the units in AUHPT

On 15 June 2021 AUFM received a fourth, unsolicited proposal from a consortium consisting of entities associated with Singaporean sovereign wealth fund GIC Private Limited (GIC) and Canadian healthcare real estate company NorthWest Healthcare Properties Real Estate Investment Trust (NorthWest) to acquire 100% of the units in AUHPT (NorthWest Proposal).

The NorthWest Proposal includes a revised offer price of \$2.70¹ per AUHPT wholesale unit², and is conditional on AUHPT unitholder approval and no further adverse event³ (Adverse Event) occurring in relation to AUHPT. NorthWest has confirmed that despite having an Adverse Event condition in its previous 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. AUHPT unitholders should note that NorthWest in fact increased its offer price to AUHPT unitholders by a further \$0.15 per wholesale unit following those events.

NorthWest has stated that its revised offer is “**best and final**” in the absence of a higher offer. The NorthWest Proposal follows three earlier proposals that were each also rejected by the AUFM Board, with the first offer at \$2.20 per wholesale unit⁴, the second offer at \$2.35 per wholesale unit⁵ and the third offer at \$2.55⁶ per wholesale unit.

The Board of AUFM has carefully assessed and considered the most recent NorthWest 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 Board of AUFM **RECOMMENDS THAT UNITHOLDERS VOTE AGAINST THE NORTHWEST PROPOSAL**.

As noted in previous correspondence, AUFM has engaged extensively with unitholders to understand what is important to them. The Board of AUFM has also taken this feedback into consideration as part of its assessment of the NorthWest Proposal, which includes, but is not limited to, the nature of AUHPT investors and their desire for long-term returns, the potential tax implications if a proposal proceeded, investors’ ability to re-invest proceeds in comparable assets with a similar risk and return profile, and tailwinds present in the healthcare real estate sector having regard to positive market dynamics and transactions. AUHPT’s near-term acquisition and development pipeline of over \$1 billion, also offers the potential for future upside for unitholders.

AUFM intends to provide further information to unitholders ahead of the unitholder meeting in relation to the key reasons to **VOTE AGAINST** the NorthWest Proposal.

¹ NorthWest has indicated its intention is that unitholders would be entitled to a pro-rata payment of assumed distribution income for the distribution period prior to implementation of any agreed transaction without impacting the price under the proposal.

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

³ As defined in NorthWest’s meeting booklet.

⁴ ~\$2.20 per wholesale unit, ~\$2.25 per retail unit and ~\$1.38 per Class A unit.

⁵ \$2.35 per wholesale unit, ~\$2.41 per retail unit and ~\$1.49 per Class A unit

⁶ \$2.55 per wholesale unit, \$2.61 per retail unit and \$1.62 per Class A unit

2. Premium cash offer by NorthWest

In addition to the NorthWest Proposal, NorthWest has advised that it has put in place a \$400 million facility⁷ (**NorthWest Facility**) to acquire AUHPT units at \$2.70 per wholesale unit⁸ if the NorthWest Proposal is not successful (subject to scale back).

The NorthWest Facility is conditional on, and only available to, AUHPT unitholders who commit to vote in favour of the NorthWest Proposal and who do not participate in the current AUHPT entitlement offer.

The Board of AUFM does not support or endorse this offer by NorthWest and recommends that AUHPT unitholders take no action regarding the NorthWest Facility.

3. Court adjournment of the NorthWest convened unitholder meeting until 10.00am on 19 July 2021 and ongoing Court proceedings in relation to the NorthWest Proposal

Following an application made by AUFM, the Supreme Court of New South Wales ordered that the NorthWest convened unitholder meeting be adjourned from 10.00am on 1 July 2021 to 10.00am on 19 July 2021.

The Board of AUFM is continuing to actively take steps to ensure your interests as a unitholder of AUHPT are protected. In particular, the legal proceeding commenced by AUFM to seek judicial advice on matters relating to the meeting of AUHPT unitholders—remains ongoing and is not affected by the adjournment of the unitholder meeting that has been ordered by the Court.

AUFM continues to have concerns about various aspects of the NorthWest Proposal, including the validity of the resolution to be voted on by unitholders, the information provided to unitholders by NorthWest and the voting arrangements for the unitholder meeting.

AUFM notes that NorthWest has commenced legal proceedings seeking to invalidate the current AUHPT entitlement offer, the placements of wholesale units at a premium to Dexu and Australian Unity Strategic Holdings Pty Ltd (**AUSH**), a wholly owned subsidiary of Australian Unity Limited, and the Premium Cash Offer being made by AUSH.

The Board of AUFM believes that the NorthWest Proposal is not in the best interests of AUHPT unitholders, and unanimously recommends that you **VOTE AGAINST THE NORTHWEST PROPOSAL**.

4. AUHPT entitlement offer

On 9 June 2021 AUFM announced a \$120 million entitlement offer to existing eligible AUHPT unitholders (**Entitlement Offer**).

The Entitlement Offer entitles eligible AUHPT unitholders to apply for approximately \$1 of new Wholesale Units for every \$18.9193 worth of units currently owned, plus an additional \$2,500 worth of AUHPT Wholesale Units per unitholder.

⁷ With Class A share capped at the lesser of \$12m and 15% of the value of retail and wholesale units purchased

⁸ \$2.70 per wholesale unit, \$2.76 per retail unit and \$1.69 per Class A unit

The Entitlement Offer closes on 12 July 2021. A copy of the PDS is available at:

https://www.australianunity.com.au/wealth/~media/publicsite/documents/funds/australianunity/hpt-retail/20210609_hpt_ws_pds.ashx

Further Information

Thank you for your continuing loyalty to AUFM and your support as we carefully consider and implement, in the interests of AUHPT unitholders, a range of options for AUHPT.

If you have any further questions about the NorthWest Proposal, the NorthWest materials provided to you or your investment in AUHPT, please call the 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 60 071 497 115 AFS Licence number 234454. AUFM is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

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