

Trust Scheme Booklet

in relation to a meeting of the members of the

Australian Unity Healthcare Property Trust

ARSN 092 755 318

convened under the Corporations Act to consider, and if thought fit, approve the Transfer Resolution for:

the proposed **all cash acquisition by NorthWest Trust of all of the Units for a price of \$2.55 per Wholesale Unit, \$2.61 per Retail Unit and \$1.62 per Class A Unit**

by way of a trust scheme amendment to the constitution of AUHPT. Unitholders also remain entitled to receive an expected 30 June Distribution and a Pro Rata Distribution for the period commencing on 1 July 2021 and ending on the Implementation Date.

NorthWest considers that this Proposal represents a compelling value proposition for Unitholders.

The Independent Expert commissioned by NorthWest has concluded that the Trust Scheme is **FAIR AND REASONABLE** and is in the **BEST INTERESTS** of Unitholders.

Vote in Favour

This meeting is being called and arranged by the Convening Unitholder to give Unitholders the opportunity to consider and vote on the Proposal. This Trust Scheme Booklet has not been prepared by, and is not issued by, the responsible entity of AUHPT, AUFM.

Details of AUHPT Meeting

Place Grand Hyatt, 123 Collins Street, Melbourne
Date Thursday, 1 July 2021
Time 10:00 am (Melbourne time)

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote.

If you are in doubt about how to deal with this document, you should consult your financial or other professional adviser.

If you have any questions about the Trust Scheme, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au.

Financial Adviser



Legal Adviser



What is this document?

The AUHPT Meeting is a meeting of the members of AUHPT that is being called and arranged by the Convening Unitholder in accordance with section 252D of the Corporations Act to consider and vote on the Transfer Resolution as a special resolution. The Convening Unitholder has lodged a transfer of Units with the registrar of AUHPT carrying at least 5% of the votes that may be cast at a meeting of the members of AUHPT. NorthWest (holder of AFSL number 489445) will pay the expenses of calling and holding the AUHPT Meeting. The AUHPT Meeting is being called in the same way, so far as is possible, in which meetings of the members of AUHPT may be called by AUFM in its capacity as responsible entity of AUHPT.

NorthWest, through 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).¹ For further information on NorthWest's interest in AUHPT, see section 6.7.

This Trust Scheme Booklet is not issued by AUFM.

The purpose of this Trust Scheme Booklet is to provide Unitholders with information about the Trust Scheme which, if approved and implemented, will result in NorthWest Trust, the special purpose vehicle established by the Consortium, acquiring all of the Units and the Participants receiving \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit that they hold.² For completeness, this is in addition to a 30 June Distribution expected to be paid by AUFM for the June 2021 quarter and a Pro Rata Distribution, and is subject to any withholding as outlined in section 7.1(b) of this

Trust Scheme Booklet or restriction on payment required by law.

This document is the notice of meeting and explanatory memorandum for the Trust Scheme and provides such information as is prescribed or otherwise material to the decision of Unitholders on how to vote on the Transfer Resolution at the AUHPT Meeting.

Date of Trust Scheme Booklet

This Trust Scheme Booklet is dated Friday, 28 May 2021.

General

Unitholders should read this Trust Scheme Booklet in its entirety before making a decision as to how to vote on the Transfer Resolution to be considered at the AUHPT Meeting.

If you have any questions about the Trust Scheme, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au. For information about your individual financial or taxation circumstances please consult your financial or other professional adviser.

General advice only

This Trust Scheme Booklet contains general financial product advice only and has been prepared without reference to your particular investment objectives, financial situation, taxation situation or needs. The information and recommendations contained in this Trust Scheme Booklet do not constitute, and should not be taken as, personal financial product advice.

This Trust Scheme Booklet should not be relied on as the sole basis for any investment decision. You should

have regard to your investment objectives, financial situation, taxation position, and particular needs and obtain independent financial and taxation advice before making any investment decision in relation to your Units and how you vote on the Transfer Resolution.

Responsibility for information

Except as outlined below, the AUHPT Information has been prepared by NorthWest using publicly available information. The AUHPT Information has not been independently verified by NorthWest. Accordingly, none of NorthWest, NorthWest Trust or the Consortium Members, nor any of their respective directors, officers, employees or advisors assume any responsibility for the accuracy or completeness of any such AUHPT Information.

NorthWest has provided and is responsible for the NorthWest Information, including information as to the funding arrangements it has made to provide the Cash Price and information as to NorthWest's opinions, views, intentions and decisions in relation to AUHPT.

This Trust Scheme Booklet has not been prepared by, and is not issued by, the responsible entity of AUHPT, AUFM.

The Independent Expert has provided and is responsible for the information contained in Annexure A. NorthWest has commissioned the Independent Expert to provide an Independent Expert's Report based on publicly available information in accordance with the independence of expert requirements of ASIC Regulatory Guide 112. None of NorthWest, NorthWest Trust or the Consortium Members, nor any of their respective directors, officers, employees or advisors assume any responsibility for the accuracy or completeness

¹ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

² Unitholders also remain entitled to receive a 30 June Distribution expected to be 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.

of the information contained in Annexure A. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Trust Scheme Booklet other than that contained in Annexure A.

Disclosure regarding forward looking statements

This Trust Scheme Booklet contains both historical and forward looking statements in connection with AUHPT, NorthWest, NorthWest Trust and the Consortium.

The forward looking statements in this Trust Scheme Booklet are not based on historical facts, but rather reflect the current expectations of NorthWest, NorthWest Trust and the Consortium Members concerning future results and events and generally may be identified by the use of forward looking words or phrases such as “believe”, “aim”, “expect”, “anticipated”, “intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimated”, “potential”, or other similar words and phrases. Similarly, statements that describe NorthWest’s, NorthWest Trust’s or the Consortium Members’ objectives, plans, goals or expectations are or may be forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward looking statements. Deviations as to future results, performance and achievements are both normal and to be expected. Unitholders should review carefully all of the information, including the financial information, included in this Trust Scheme Booklet. The forward looking statements included in this

Trust Scheme Booklet are made only as at the date of this Trust Scheme Booklet. NorthWest, NorthWest Trust and the Consortium Members do not give any representation, assurance or guarantee to Unitholders that any forward looking statements will actually occur or be achieved. Unitholders are cautioned not to place undue reliance on such forward looking statements.

Subject to any continuing obligations under law, NorthWest, NorthWest Trust and the Consortium Members do not give any undertaking to update or revise any forward looking statements after the date of this Trust Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Defined terms

Capitalised terms used in this Trust Scheme Booklet and Proxy Form are defined in the Glossary in section 9 of this Trust Scheme Booklet.

Currency

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

Time

Unless stated otherwise, all references to time in this Trust Scheme Booklet are to the time in Melbourne, Australia on the relevant date.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Trust Scheme Booklet are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from

the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Trust Scheme Booklet.

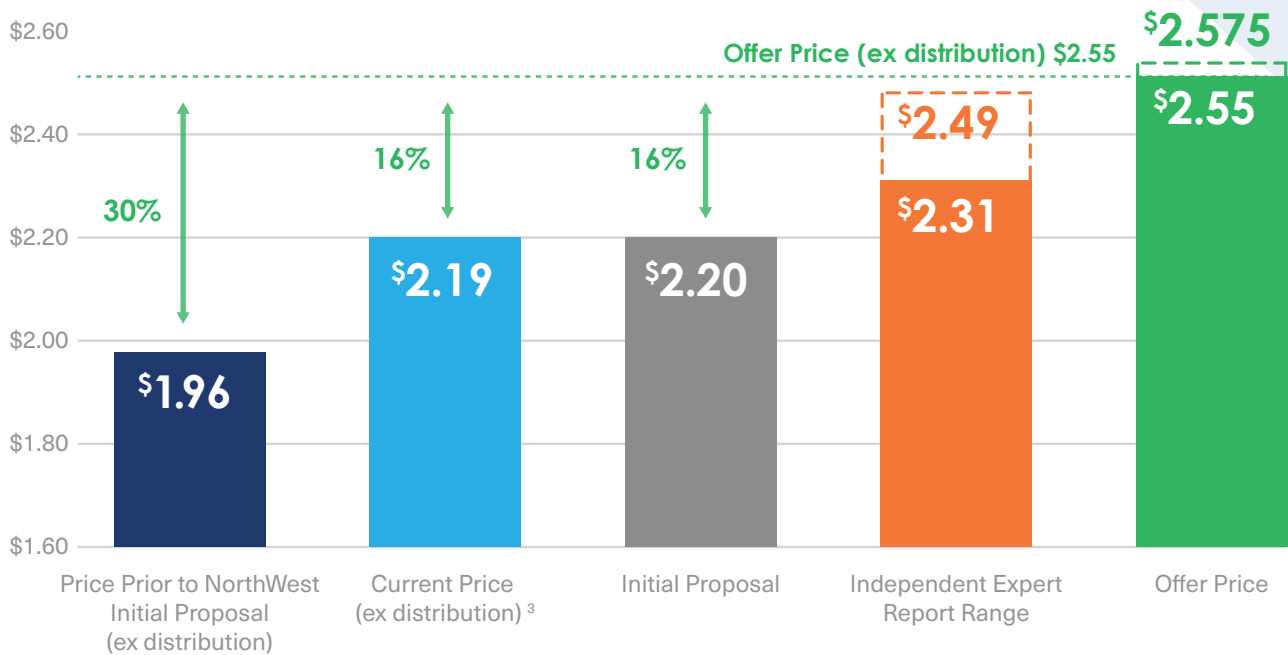
As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Trust Scheme Booklet may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Foreign jurisdictions

The release, publication or distribution of this Trust Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions. Persons outside Australia who come into possession of this Trust Scheme Booklet 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 Trust Scheme Booklet has been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this Trust Scheme Booklet may not be the same as that which would have been disclosed if this Trust Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.



- ✓ Cash Price increased to \$2.55 per Wholesale Unit
- ✓ Cash Price of \$2.55 per Wholesale Unit is 6 cents above the upper end of the Independent Expert's assessed underlying value range of AUHPT of \$2.31 to \$2.49 per Wholesale Unit
- ✓ You will receive a significant premium of 30% for your Units⁴
- ✓ 100% cash consideration, providing Unitholders with certainty of proceeds
The Proposal provides liquidity for your Units at a price and volume otherwise unachievable in the absence of a Superior Proposal
- ✓ You will also remain entitled to receive a 30 June Distribution expected to be paid by AUFM for the June 2021 quarter and a Pro Rata Distribution
- ✓ The Independent Expert has concluded that the Trust Scheme is **FAIR AND REASONABLE** and in the **BEST INTERESTS** of Unitholders⁵
- ✓ NorthWest has obtained foreign investment approval for the Proposal
- ✓ The Proposal contains only limited conditionality
The Proposal is subject only to approval by Unitholders and an Adverse Event not occurring (most of which are in AUFM's control)
- ✓ There are limited prospects of a Superior Proposal
NorthWest holds 5.1% of the value of Units on issue, and has options over an additional 11.1% of the value of Units on issue⁶
Since the Initial Proposal was received by AUFM on 17 February 2021, no Superior Proposal has emerged
- ✓ The Units will be valued under the Withdrawal provisions of the Constitution **materially below** the level of the Cash Price if the vote is not successful⁷

³ The current price (ex distribution) is based on the Withdrawal Price (cum distribution) of \$2.2064 for Wholesale Units, as shown on the AUHPT Website on 20 May 2021, less June 2021 quarterly distributions of income accrued to 20 May 2021 (assuming June 2021 quarterly distribution of income of 2.5 cents per Wholesale Unit).

⁴ Compared to the Undisturbed Withdrawal Price, which means the following Withdrawal Prices (ex distribution) as shown on the AUHPT Website on 16 February 2021, being the day prior to submission of the Initial Proposal:
(a) \$1.96 per Wholesale Unit;
(b) \$2.01 per Retail Unit; and
(c) \$1.26 per Class A Unit.

⁵ The Independent Expert has been commissioned by NorthWest to provide an Independent Expert's Report in accordance with the independence of expert requirements of ASIC Regulatory Guide 112.

⁶ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

⁷ For the Units to be valued under the Withdrawal provisions of the Constitution above the Cash Price, NAV less the sell spread would need to exceed the Cash Price. AUHPT's sell spread is 0.50% per Wholesale Unit, 0.50% per Retail Unit and 0.40% per Class A Unit. See section 8.2 for a description of the Withdrawal provisions of the Constitution.

NORTHWEST'S PROPOSAL ADDRESSES AUFM'S CONCERNS

Factor	NorthWest's comment	
Price	✓	The Cash Price represents a significant 16% premium to the latest and most recent independent valuations
	✓	AUHPT's identified development pipeline has been priced in
Conditionality	✓	NorthWest has obtained foreign investment approval for the Proposal
	✓	The Proposal is not subject to due diligence
	✓	The Proposal has no conditions other than: <ul style="list-style-type: none"> • approval by Unitholders; and • an Adverse Event not occurring (most of which are in AUFM's control)
Stakeholder relationships	✓	NorthWest is the largest, specialist healthcare real estate group in Australia, having been established in the region since 2011 and has a highly experienced specialist team with the longest track record in the sector by a substantial margin
	✓	NorthWest has long-standing partnerships with most major Australian healthcare operators

POSSIBLE REASONS TO VOTE AGAINST THE PROPOSAL

?	You may disagree with the conclusion of the Independent Expert
?	You may disagree with NorthWest's view that this Proposal represents a compelling value proposition for Unitholders
?	You may have a preference to maintain an investment in AUHPT
?	You may have the view that a Superior Proposal might emerge, which NorthWest considers is unlikely

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Friday, 28 May 2021

Dear Unitholder,

NorthWest considers that this Proposal represents a compelling value proposition for Unitholders

On behalf of NorthWest, I am pleased to provide you with this proposal and Trust Scheme Booklet which contains important information in relation to the proposed acquisition of AUHPT by NorthWest Trust.

NorthWest is the largest manager of healthcare real estate in Australia and New Zealand. We have been operating in Australia and New Zealand since 2011 and, as the only dedicated healthcare real estate group in the region, have built up a track record for innovation and proven expertise in the development and management of healthcare property assets.

Led by a local team that has managed and developed Australian hospitals, allied health and medical facilities over several decades, NorthWest is committed to actively increasing the supply of quality healthcare facilities for all Australians.

NorthWest is pleased to submit this proposal for NorthWest Trust to acquire all of the Units that it does not already hold for \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit by way of a Trust Scheme.⁸

The Cash Price (paid if the Trust Scheme is approved and implemented) is in addition to the 30 June Distribution expected to be paid by AUFM for the June 2021 quarter and the Pro Rata Distribution for the period commencing on 1 July 2021 and ending on the Implementation Date. **The Cash Price, together with the 30 June Distribution, means Unitholders are expected to receive approximately \$2.575 per Wholesale Unit, \$2.636 per Retail Unit and \$1.633 per Class A Unit they hold as at the Record Date if the Trust Scheme is approved and implemented.**⁹

Compelling value proposition to Unitholders

The Cash Price of \$2.55 per Wholesale Unit is:

- a 30% premium to the Withdrawal Price prior to submission of the Initial Proposal;¹⁰ and
- 6 cents above the upper end of the Independent Expert's assessed underlying value range of AUHPT of \$2.31 to \$2.49 per Wholesale Unit.

In addition, the Cash Price of \$2.55 per Wholesale Unit represents a distribution yield of only 3.7%, which compares to the average A-REIT sector distribution yield of 5.7%, which provides a compelling value proposition for you to transfer your Units pursuant to the Trust Scheme.

You will not incur any sell spread, stamp duty, fees or other incidental costs on the transfer of your Units pursuant to the Trust Scheme.

The Trust Scheme provides you with an opportunity to receive a significant premium to the current Withdrawal Price, being the price your Units will be valued under the Withdrawal provisions of the Constitution if the Trust Scheme is not approved and implemented, which would be 16% lower than the Cash Price of \$2.55 per Wholesale Unit. See section 8.2 for a description of the Withdrawal provisions of the Constitution.

NorthWest has obtained FIRB approval to permit NorthWest Trust to acquire all of the Units. Furthermore, the Proposal is not subject to due diligence.

The Trust Scheme is subject only to approval by Unitholders and an Adverse Event not occurring.

This Trust Scheme Booklet sets out details of the Trust Scheme and important matters relevant to your vote in relation to the Trust Scheme.

⁸ The Cash Price will not be reduced by distributions of income that Unitholders become entitled to or receive in the ordinary course of business and able to be funded from AUHPT's free cash flow. If the Trust Scheme is approved and implemented, Unitholders will remain entitled to the Pro Rata Distribution for the distribution period commencing on 1 July 2021 and ending on the Implementation Date, without impacting the Cash Price. Any special distributions or returns of capital would reduce the Cash Price otherwise payable for Units.

⁹ Assumes the amount of the 30 June Distribution is the same as the March 2021 actual quarterly distributions of income of 2.5050 cents per Wholesale Unit, 2.5670 cents per Retail Unit

and 1.3220 cents per Class A Unit. For clarity, Unitholders remain entitled to receive a 30 June Distribution expected to be paid by AUFM for the June 2021 quarter regardless of whether or not the Trust Scheme is approved and implemented.

¹⁰ Compared to the Undisturbed Withdrawal Price, which means the following Withdrawal Prices (ex distribution) as shown on the AUHPT Website on 16 February 2021, being the day prior to submission of the Initial Proposal:

- (a) \$1.96 per Wholesale Unit;
- (b) \$2.01 per Retail Unit; and
- (c) \$1.26 per Class A Unit.

AUFM is conflicted and its actions to date have restricted the ability for you to maximise your value

NorthWest has sought to engage on a meaningful basis with AUFM on multiple occasions, with the intention of reaching an agreed transaction for AUFM to recommend to Unitholders.

It is market practice in these situations for a responsible entity to form an independent board committee (i.e. a committee of independent directors) and engage an independent expert to advise the responsible entity, free from conflicts, on whether a proposal (such as the Proposal) is in the best interests of unitholders. However:

- the AUFM Directors are all executives of Australian Unity, i.e. there are no independent directors representing you;
- as disclosed by Australian Unity in its annual reports, it has collected over \$110 million in fees from AUHPT over the past 10 years, including \$17 million in FY20 alone; and
- as disclosed by Australian Unity in its most recent annual report, it only holds approximately 1% of the Units on issue and therefore has no meaningful alignment of interest with you and other Unitholders.

As AUFM has refused to engage with NorthWest, NorthWest has provided Unitholders with the opportunity to directly consider and vote on the Proposal by dispatching this Trust Scheme Booklet and the Independent Expert's Report at its own cost. This will assist Unitholders to form their own views on the Proposal.

Independent Expert's opinion

As far as NorthWest is aware, the AUFM Board has not commissioned an independent assessment of the Previous Proposals.

Given this, NorthWest has commissioned the Independent Expert, Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987), to prepare an Independent Expert's Report to opine on the Trust Scheme based on publicly available information. The Independent Expert has concluded that the Trust Scheme is fair and reasonable and in the best interests of Unitholders.

The Independent Expert has assessed the full underlying value of AUHPT to be in the range of \$2.31 to \$2.49 per Wholesale Unit, \$2.36 to \$2.55 per Retail Unit and \$1.46 to \$1.58 per Class A Unit. The Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit exceeds this range. The full Independent Expert's Report is set out in Annexure A. Unitholders are encouraged to read the Independent Expert's Report in full.

AUHPT Meeting and next steps

The Trust Scheme requires approval of Unitholders at the AUHPT Meeting to be held at 10:00 am (Melbourne time) on Thursday, 1 July 2021 at Grand Hyatt, 123 Collins Street, Melbourne. Your vote is important in determining whether or not the Trust Scheme proceeds. In order for the Trust Scheme to proceed, the Transfer Resolution (outlined in section 4.5 of this Trust Scheme Booklet) must be passed as a special resolution by the required majority of Unitholders, being at least 75% of the value of eligible Units voted on the resolution.

Pursuant to section 252S of the Corporations Act, the Unitholders present at the AUHPT Meeting must elect a Unitholder present to chair the AUHPT Meeting. At the AUHPT Meeting, the Convening Unitholder intends to nominate a person present to act as Chair for this purpose.

Vote in favour of the Proposal to ensure you receive a significant premium for your Units with certainty of cash

NorthWest strongly encourages you to participate in this important decision either by attending the AUHPT Meeting to vote or by completing the enclosed Proxy Form. NorthWest urges you to read the Trust Scheme Booklet (including the Independent Expert's Report) in its entirety as it contains important information that will need to be considered before you vote on the Proposal.

NorthWest will be voting its 5.1% of Units and Hume will be voting its 11.1% of Units in favour of the Proposal.

About NorthWest

NorthWest REIT, together with its related bodies corporate, is a specialist healthcare real estate investment group with 17 years' of experience. NorthWest REIT serves as a long term real estate investment partner to leading healthcare operators in 5 countries globally. In 2010, NorthWest listed in Canada (TSX: NWH.UN) and has since grown to \$8 billion of healthcare assets under management, including \$4.5 billion in Australia and New Zealand.

Operating since 2011 in Australia and New Zealand, NorthWest has grown to be the largest diversified healthcare real estate manager in the region. NorthWest manages Vital Healthcare Property Trust, a \$2.2 billion trust listed on the NZX Main Board (NZX: VHP) which has been operating in the region since 1994, as well as a joint venture with a sovereign wealth fund with \$2.3 billion assets under management and a further \$1.5 billion of committed capacity.

NorthWest's local management team are highly experienced healthcare real estate specialists, based in Melbourne (head office), Sydney and Auckland with an enviable track record of value creation, including in-house development management capability that supports the growth of its operating partners.

NorthWest has deep and long-standing partnerships with both non-profit and for-profit major Australian healthcare operators, evidenced through repeated transactions and an extensive development track record. These relationships include key AUHPT tenants.

Further information

If you have any questions about the Trust Scheme, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au.

For information about your individual financial or taxation circumstances please consult your financial or other professional adviser.

I look forward to your participation at the AUHPT Meeting.

Yours sincerely

Paul Dalla Lana
Chair

NorthWest REIT
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W: northwestproposal.com.au



Craig Mitchell
President

NorthWest REIT
E: Craig.Mitchell@nwhreit.com
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Key Dates

Date	Event
10:00 am (Melbourne time) on Monday, 28 June 2021	Last time and date by which Proxy Forms for the AUHPT Meeting must be received by Computershare
10:00 am (Melbourne time) on Thursday, 1 July 2021	AUHPT Meeting

If the Transfer Resolution is approved at the AUHPT Meeting:

10:00 am (Melbourne time) on Friday, 2 July 2021	Lodgement Date Time and date on which AUFM must lodge the Supplemental Deed as required by the Transfer Resolution with ASIC for the purpose of facilitating the Trust Scheme
7:00 pm (Melbourne time) on Monday, 5 July 2021	Record Date All Participants who hold Units on this date will be entitled to receive the Cash Price
Monday, 19 July 2021	Implementation Date Participants will be sent the Cash Price to which they are entitled on this date

All dates and times are indicative only and are subject to change. Any changes to the above timetable will be notified on the Proposal website at www.northwestproposal.com.au.

What to Do and How to Vote

01

1.1 Read this Trust Scheme Booklet

This Trust Scheme Booklet has been sent to you because you are a Unitholder and Unitholders are being asked to vote on the Proposal to approve the Trust Scheme.

You should carefully read this Trust Scheme Booklet in its entirety before making a decision as to how to vote on the Proposal and, if necessary, consult your financial or other professional adviser before voting on the Proposal.

It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances.

1.2 Vote on the Proposal

If you are registered on the Register as a Unitholder, then you will be entitled to attend and vote at the AUHPT Meeting, unless otherwise noted in the Notice of Meeting set out in Annexure B.

Your vote is important and is your opportunity to have your say on the success or failure of the Trust Scheme.

However, voting is not compulsory.

In order for the Trust Scheme to proceed, the Transfer Resolution must be passed as a special resolution by the required majority of Unitholders at the AUHPT Meeting. The voting majority required to approve the Transfer Resolution is the approval by at least 75% of the value of Units voted on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative) by Unitholders entitled to vote on the resolution. If the Transfer Resolution is not passed, the Trust Scheme will not proceed.

Reasons to vote for or against the Proposal are set out in sections 3.2 and 3.3 of this Trust Scheme Booklet.

You may vote by:

- attending the AUHPT Meeting in person;
- appointing an attorney to attend and vote on your behalf;
- appointing a proxy to attend and vote on your behalf by completing the enclosed Proxy Form; or
- in the case of a corporation which is a Unitholder, appointing an authorised representative to attend and vote on its behalf.

Details of how to vote are set out in the Notice of Meeting set out in Annexure B. Further information in relation to the Transfer Resolution and the voting majority required to approve the Transfer Resolution is set out in section 4.5 of this Trust Scheme Booklet.

The Proxy Form instructs the Chair of the AUHPT Meeting to vote undirected proxies in favour of the Transfer Resolution.

1.3 Details of the AUHPT Meeting

The details of the AUHPT Meeting are as follows:

Place Grand Hyatt, 123 Collins Street, Melbourne

Date Thursday, 1 July 2021

Time 10:00 am (Melbourne time)

A copy of the Notice of Meeting is set out in Annexure B.

Frequently Asked Questions



This section 2 answers some questions you may have about the Trust Scheme. It is not intended to address all relevant issues for Unitholders. This section 2 should be read together with the entire Trust Scheme Booklet.

2.1 What is the Trust Scheme?

Section 4

The Trust Scheme is a proposal from NorthWest Trust, a special purpose vehicle established by the Consortium, to acquire all the Units that it does not already hold for \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit by way of a trust scheme amendment to the Constitution.¹¹

Unitholders also remain entitled to receive a 30 June Distribution expected to be 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.

2.2 What is NorthWest's interest in AUHPT?

Section 6.7

On 24 December 2020 and 27 January 2021, NorthWest entered into put and call arrangements with Hume to option the benefit of put and call arrangements over approximately 16.2% of the value of Units on issue in aggregate. At the time, NorthWest Hold Trust was willing to pay Hume a non-refundable amount of approximately \$50 million, which reflected the value to NorthWest of acquiring control over a significant holding of Units for 13 months without being required to fund the acquisition of those Units upfront. NorthWest Hold Trust entered into those put and call arrangements in anticipation that it would facilitate a friendly transaction with AUFM.

On 28 May 2021, NorthWest acquired approximately 5.1% of the value of Units on issue from Hume at a purchase price of \$2.55 per Wholesale Unit (plus accrued distributions), so that NorthWest Hold Trust would become a registered holder of more than 5% of the value of Units on issue and be permitted to call a meeting of Unitholders and present its Proposal directly to Unitholders.

In addition, NorthWest has put and call options with Hume over approximately 11.1% of the value of Units on issue that are exercisable at the Cash Price of \$2.55 per Wholesale Unit, and Hume has committed to vote those Units in favour of the Proposal.

¹¹ The Cash Price will not be reduced by distributions of income that Unitholders become entitled to or receive in the ordinary course of business and able to be funded from AUHPT's free cash flow. If the Trust Scheme is approved and implemented, Unitholders will remain entitled to the Pro Rata Distribution for the distribution period

commencing on 1 July 2021 and ending on the Implementation Date, without impacting the Cash Price. Any special distributions or returns of capital would reduce the Cash Price otherwise payable for Units.

2.3 How do I accept the Proposal?**Section 1.2**

You may vote in favour of the Proposal by:

- attending the AUHPT Meeting in person;
- appointing an attorney to attend and vote on your behalf;
- appointing a proxy to attend and vote on your behalf by completing the enclosed Proxy Form; or
- in the case of a corporation which is a Unitholder, appointing an authorised representative to attend and vote on its behalf.

You should carefully read this Trust Scheme Booklet in its entirety before making any decision in relation to the Trust Scheme.

2.4 Who are NorthWest REIT, NorthWest and NorthWest Trust?**Section 6**

NorthWest REIT, together with its related bodies corporate, has over 17 years' experience in healthcare real estate investment, management and development. NorthWest REIT currently has \$8 billion of healthcare assets under management globally, including \$4.5 billion in Australia and New Zealand.

NorthWest has been operating in Australia and New Zealand since 2011 and is today the largest manager of healthcare real estate in the region.

NorthWest Trust is a special purpose vehicle established by the Consortium for the purpose of acquiring all of the Units that it does not already hold pursuant to the Proposal.

2.5 What is the voting majority required to approve the Transfer Resolution?**Section 4.6**

The voting majority required for Unitholders to approve the Transfer Resolution as a special resolution is the approval by at least 75% of the value of Units voted on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative) by Unitholders entitled to vote on the resolution.

Votes cast by NorthWest and the Relevant Unitholders at the AUHPT Meeting will be separately tagged so that these votes can be clearly identified for the purpose of recording voting at the AUHPT Meeting.

2.6 Why should I vote in favour of the Proposal?**Section 3.2**

You should vote in favour of the Proposal for the following reasons:

- you will not incur any sell spread, stamp duty, fees or other incidental costs on the transfer of your Units pursuant to the Trust Scheme;
- you will receive a significant premium for your Units with certainty of cash;
- the Proposal provides liquidity for your Units at a price and volume otherwise unachievable in the absence of a Superior Proposal;
- if you do not vote in favour of the Proposal and no Superior Proposal emerges, the Units will continue to be valued under the Withdrawal provisions of the Constitution at NAV less AUHPT's sell spread (currently \$2.19) which is 16% below the Cash Price;
- the Trust Scheme is subject only to approval by Unitholders and a customary condition limited to Adverse Events not occurring;
- AUHPT's portfolio has been fully revalued which, in NorthWest's opinion, suggests there is limited further valuation upside at this time;
- NorthWest has attributed value for any identifiable development uplift within the portfolio in the Proposal;
- the Independent Expert has concluded based on publicly available information that, in the opinion of the Independent Expert, the Proposal by NorthWest is fair and reasonable and in the best interests of Unitholders; and
- NorthWest considers that the likelihood of a Competing 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).¹²

2.7 When and where will the AUHPT Meeting be held?**Annexure B**

The AUHPT Meeting is to be held at 10:00 am (Melbourne time) on Thursday, 1 July 2021 at Grand Hyatt, 123 Collins Street, Melbourne.

¹² Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

2.8 When and how will I receive my Cash Price?**Section 4.11**

If the Trust Scheme becomes Effective, the Cash Price will be paid on the Implementation Date (currently proposed to be Monday, 19 July 2021).

If you have validly nominated your bank account details with the Paying Agent before the Record Date, the Cash Price will be sent directly to your bank account by electronic funds transfer.

If you have not validly nominated your bank account details with the Paying Agent before the Record Date, the Cash Price will be sent by cheque to your address as shown on the Register as at the Record Date.

If your whereabouts are unknown as at the Record Date, the Cash Price will be paid into a separate bank account and held by the Paying Agent on trust until claimed or applied under laws dealing with unclaimed money.

2.9 How is NorthWest Trust funding the Cash Price?**Section 6.5**

NorthWest Trust has in place debt and equity commitments sufficient to meet its obligations to pay the aggregate Cash Price in full (such that the Trust Scheme is not conditional on financing arrangements).

2.10 Are there any conditions to the Trust Scheme?**Section 4.4**

The Trust Scheme is subject only to approval by Unitholders and there being no Adverse Event before the Lodgement Date.

2.11 What if I want further information?

If you have any questions about the Trust Scheme, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au.

For information about your individual financial or taxation circumstances please consult your financial or other professional adviser.

Evaluation of The Trust Scheme

OSB

3.1 Overview of the Trust Scheme

The Trust Scheme involves the acquisition by NorthWest Trust, the special purpose vehicle established by the Consortium, of all of the Units that it does not already hold for \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit.¹³ As at the date of this Trust Scheme Booklet, 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).¹⁴ For further information on NorthWest's interest in AUHPT, see section 6.7.

Implementation of the Trust Scheme is subject only to approval of the Transfer Resolution by the required majority of Unitholders at the AUHPT Meeting and there being no Adverse Event before the Lodgement Date.

If the Trust Scheme becomes Effective and is implemented:

- NorthWest Trust will become the owner of all of the Units and Participants will cease to hold an interest in AUHPT; and
- Participants will receive the Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit that they hold (subject to any withholding as outlined in section 7.1(b) of this Trust Scheme Booklet or restriction on payment required by law).

Unitholders also remain entitled to receive a 30 June Distribution expected to be 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.

If the Transfer Resolution is not approved by the required majority of Unitholders at the AUHPT Meeting or there is an Adverse Event before the Lodgement Date, the Trust Scheme will not proceed, Units will not be transferred to NorthWest Trust and you will not receive the Cash Price. Further information in relation to the Trust Scheme is set out in section 4 of this Trust Scheme Booklet.

3.2 Reasons to vote in favour of the Proposal

The reasons to vote in favour of the Proposal to approve the Trust Scheme are set out below.

(a) You will receive a significant premium for your Units with certainty of cash

Under the Proposal, NorthWest proposes to pay Unitholders a Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit.

Unitholders also remain entitled to receive a 30 June Distribution expected to be 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.

The Proposal is subject only to approval by Unitholders and there being no Adverse Event before the Lodgement Date, providing a compelling value proposition to AUHPT unitholders and the opportunity to access meaningful liquidity.¹⁵

¹³ The Cash Price will not be reduced by distributions of income that Unitholders become entitled to or receive in the ordinary course of business and able to be funded from AUHPT's free cash flow. If the Trust Scheme is approved and implemented, Unitholders will remain entitled to the Pro Rata Distribution for the distribution period commencing on 1 July 2021 and ending on the Implementation Date, without impacting the Cash Price. Any special distributions or returns of capital would reduce the Cash Price otherwise payable for Units.

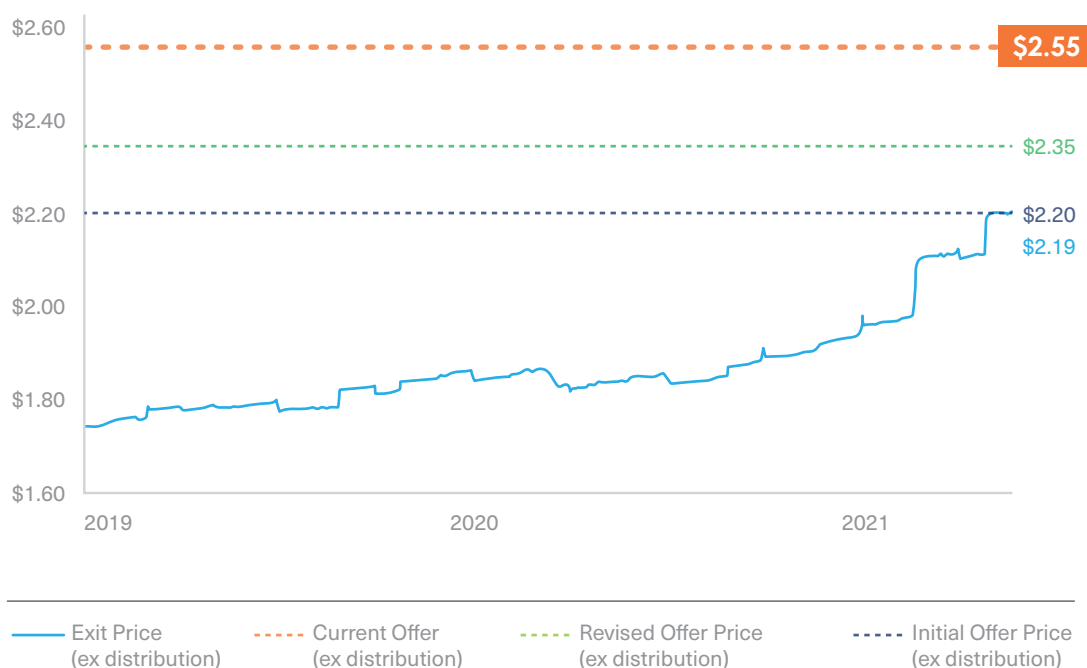
¹⁴ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

¹⁵ For a comparison of the ability to receive a return on your investment through the Proposal as compared to a return of your investment through a Withdrawal request, see section 8.2.

3.2 Reasons to vote in favour of the Proposal (continued)

The Cash Price represents:

- a 30% premium to the Undisturbed Withdrawal Price;¹⁶ and
- 6 cents above the upper end of the Independent Expert's assessed underlying value of AUHPT of \$2.31 to \$2.49 per Wholesale Unit.



Source: AUHPT Website as at 20 May 2021.

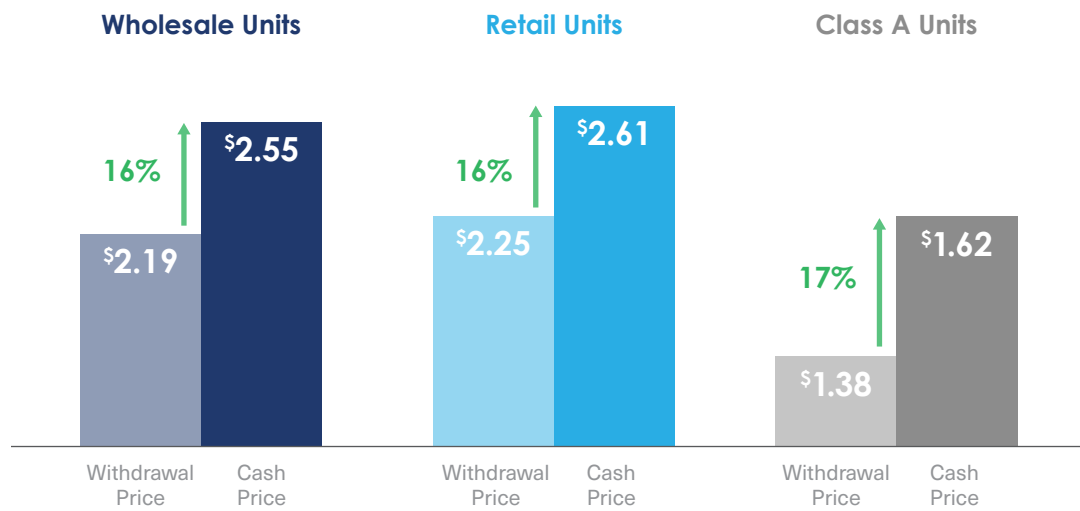
The premium to NTA is consistent with the premiums paid in precedent direct market healthcare real estate transactions, as considered by the Independent Expert in the Independent Expert's Report set out in Annexure A.

¹⁶ Undisturbed Withdrawal Price means the following Withdrawal Prices (ex distribution) as shown on the AUHPT Website on 16 February 2021, being the day prior to submission of the Initial Proposal:

- (a) \$1.96 per Wholesale Unit;
- (b) \$2.01 per Retail Unit; and
- (c) \$1.26 per Class A Unit.

3.2 Reasons to vote in favour of the Proposal (continued)

Proposal consideration premium (ex distribution)



Source: AUHPT Website as at 20 May 2021.

The Cash Price is 100% cash consideration, providing Unitholders with certainty of proceeds and meaningful liquidity for their Units. The certainty of cash should be compared with the risks and uncertainties of remaining a Unitholder (which existed before the Proposal) which include risks associated with the liquidity of Units being lower than under the Proposal, potentially impacting upon the ability to dispose of Units at a price in line with the Cash Price.¹⁷

In addition, the Cash Price represents a distribution yield of only 3.7%,¹⁸ which compares to the average A-REIT sector distribution yield of 5.7%.¹⁹

¹⁷ For a comparison of the ability to receive a return on your investment through the Proposal as compared to a return of your investment through a Withdrawal request, see section 8.2.

¹⁸ Assumes FY21 distribution of income 9.5 cents per Wholesale Unit, based on September 2020, December 2020 and March 2021 actual quarterly distributions of income of 2.133, 2.414 and 2.505 cents respectively, plus assumed June 2021 quarterly distribution of income of 2.5 cents.

¹⁹ A-REIT sector based on ASX A-REIT 200 Index excluding ASX:CHC and ASX:GMG. Priced at 12 May 2021.

3.2 Reasons to vote in favour of the Proposal (continued)

(b) The Units will be valued under the Withdrawal provisions of the Constitution below the level of the Cash Price if Unitholders do not vote in favour of the Proposal and no Superior Proposal emerges

If the Trust Scheme is not implemented, the Units will continue to be valued under the Withdrawal provisions of the Constitution at NAV less AUHPT's sell spread (currently \$2.19) which is 16% below the Cash Price proposed by NorthWest.²⁰ There is no guarantee that the Units will be valued under the Withdrawal provisions of the Constitution at or above the Cash Price in the future.²¹

(c) No sell spread

You will not incur any sell spread, stamp duty, fees or other incidental costs on the transfer of your Units pursuant to the Trust Scheme.

If you Withdraw from AUHPT, you will incur a sell spread. AUHPT's sell spread is 0.50% per Wholesale Unit, 0.50% per Retail Unit and 0.40% per Class A Unit.

(d) The Trust Scheme is subject only to limited conditionality

The Trust Scheme is subject only to approval by Unitholders and there being no Adverse Event before the Lodgement Date. If implemented, the Trust Scheme will provide Unitholders with timely receipt of the Cash Price on the Implementation Date.

(e) Limited further valuation upside

AUHPT's portfolio is fully valued, with a weighted average valuation age across the entire AUHPT portfolio of approximately two months.²²

- 49% of the portfolio (by value) was independently valued at December 2020;
- following receipt of NorthWest's Initial Proposal, a further 56% of the portfolio was independently valued in February 2021;
- subsequently, 8% of the portfolio (by value) was independently valued in March 2021; and
- subsequently, 57% of the portfolio (by value) was independently valued in April 2021.

²⁰ AUHPT's sell spread is 0.50% per Wholesale Unit, 0.50% per Retail Unit and 0.40% per Class A Unit. See section 8.2 for a description of the Withdrawal provisions of the Constitution.

²¹ For the Units to be valued under the Withdrawal provisions

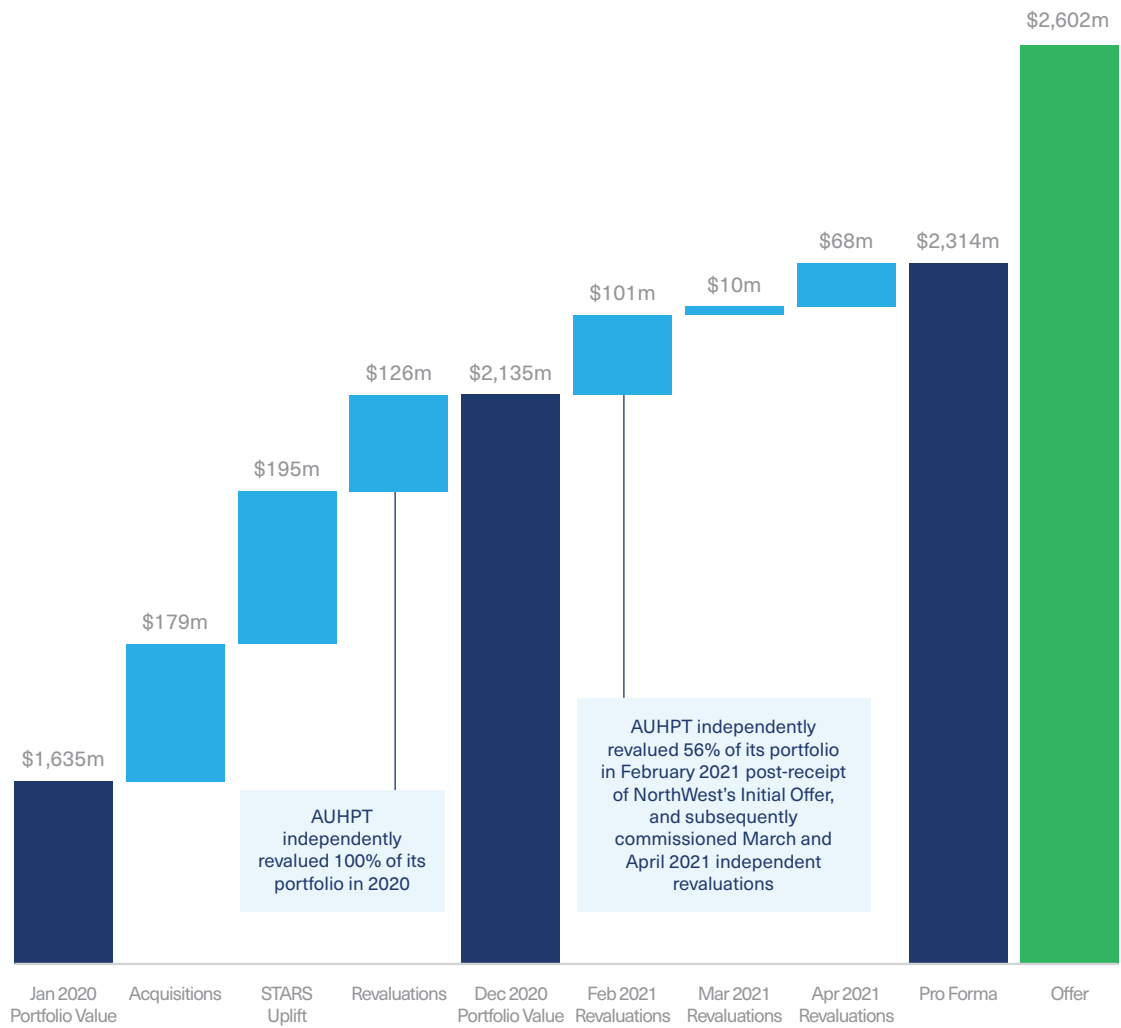
of the Constitution above the Cash Price, NAV less the sell spread would need to exceed the Cash Price.

²² Weighted by book value as at Friday, 28 May 2021, the date of this Trust Scheme Booklet.

3.2 Reasons to vote in favour of the Proposal (continued)

AUHPT portfolio movements since 1 January 2020

AUHPT portfolio is fully valued with a weighted average valuation age across the entire portfolio of 2 months



Source: AUHPT Website as at 20 May 2021.

3.2

Reasons to vote in favour of the Proposal (continued)

The Cash Price implies a significant premium to all other valuation reference points

The Cash Price implies a significant premium to all other valuation reference points, including recent direct market healthcare real estate transactions and delivers pricing well above premiums typically witnessed in precedent A-REIT control transactions relative to NTA.

Development pipeline

NorthWest has attributed value for any identifiable development uplift within the portfolio, having regard to information that AUFM has provided to Unitholders.

AUFM has stated that AUHPT has a development pipeline worth more than \$1 billion. However, as disclosed during a webinar hosted by AUFM on 13 April 2021, this includes over \$500 million of unidentified projects. Furthermore, \$350 million relates to projects that do not have an operator, and another \$177 million are for greenfield projects with operators that are, in NorthWest's view, unproven and are inexperienced.

There are risks in relation to healthcare development projects that need to be carefully considered, particularly greenfield projects, which may affect the ability to achieve future development profits above the cost of delivering the projects and whether rental income expectations are achievable. In NorthWest's view, based on publicly available information, there is considerable risk associated with the AUHPT development pipeline.

For further information on the development pipeline that AUFM has referred to, see section 5.5.

3.2 Reasons to vote in favour of the Proposal (continued)

(f) The Independent Expert has concluded that, in the opinion of the Independent Expert, in the absence of a Superior Proposal, the Proposal by NorthWest is fair and reasonable and in the best interests of Unitholders

Given AUFM has not provided Unitholders with an independent review of the Proposal, NorthWest has commissioned the Independent Expert, Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987), to prepare the Independent Expert's Report to give its opinion as to whether the Trust Scheme is fair and reasonable and in the best interests of Unitholders.

The Independent Expert has concluded that the Trust Scheme is fair and reasonable and in the best interests of Unitholders. The Independent Expert has been commissioned by NorthWest to provide an Independent Expert's Report in accordance with the independence of expert requirements of ASIC Regulatory Guide 112. The Independent Expert has based its opinion on publicly available information, having regard to the refusal of AUFM to provide NorthWest with access to due diligence.

The Independent Expert has assessed the full underlying value of AUHPT to be in the range of \$2.31 to \$2.49 per Wholesale Unit, \$2.36 to \$2.55 per Retail Unit and \$1.46 to \$1.58 per Class A Unit. The Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit exceeds this range.

The Independent Expert has also considered a range of factors in reaching its conclusion and Unitholders are encouraged to read the Independent Expert's Report in full, a copy of which is included in Annexure A of this Trust Scheme Booklet.

(g) No Superior Proposal has emerged

As at the date of this Trust Scheme Booklet, no Superior Proposal has emerged since NorthWest's Initial Proposal on 12 February 2021. 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).²³

(h) No stamp duty

You will not incur any stamp duty on the transfer of your Units pursuant to the Trust Scheme.

²³ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

3.3 Possible reasons to vote against the Proposal

Although the Independent Expert has concluded that the Trust Scheme is fair and reasonable and in the best interests of Unitholders in the absence of a Superior Proposal, and NorthWest considers that the Proposal represents a compelling value proposition for Unitholders, factors which may lead you to vote against the Proposal include the following:

(a) You may disagree with the conclusion of the Independent Expert

Despite the opinion of the Independent Expert that the Trust Scheme is fair and reasonable and in the best interests of Unitholders, you may believe that the Trust Scheme is not in your best interests or that of the other Unitholders.

Despite the significant premium proposed, you may believe that AUHPT has stronger long term growth potential and valuation upside and the Cash Price does not fully reflect your view of long term value. You may therefore decide that it is in your best interests to retain your Units in order to maintain your current investment and risk profile.

(b) You may have a preference to maintain an investment in AUHPT

If the Trust Scheme is approved and implemented, you will receive the Cash Price in return for your investment and you will cease to hold Units. In particular, you will forego any future distributions from AUHPT after the Implementation Date, the opportunity to benefit from any increases in its Unit price, and your voting rights as a Unitholder.

This may not be consistent with your investment objectives. You may wish to maintain an interest in AUHPT because you do not wish to crystallise a capital gain (see taxation consequences in sections 3.3(d) and 7 of this Trust Scheme Booklet).

(c) A Superior Proposal might emerge

You may believe that a more attractive proposal for Unitholders could emerge in the future.

However, as at the date of this Trust Scheme Booklet, no Superior Proposal has emerged and NorthWest considers that a Superior Proposal is unlikely to emerge 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).²⁴

(d) Taxation consequences

The tax consequences of disposing of Units under the Trust Scheme will depend on the specific tax and financial circumstances of each Unitholder. If the Trust Scheme is approved and implemented, the disposal of Units under the Trust Scheme should have tax consequences for Unitholders (including, potentially, deriving a capital gain that may be subject to tax) in the year of disposal. Accordingly, if the Trust Scheme is approved and implemented, tax consequences will arise earlier than if the Unitholders did not dispose of their Units until a later income year.

For Unitholders who have held Units in AUHPT for a long period of time, the disposal of their Units is expected to crystallise a capital gain. This gain could be significant as any tax deferred component of distributions received by Unitholders reduces the CGT cost base for the Units held by those Unitholders.

A general summary of the Australian CGT consequences of disposing of Units under the Trust Scheme is set out in section 7 of this Trust Scheme Booklet. However, this does not take into account any Unitholder's own specific circumstances.

NorthWest recommends that Unitholders obtain their own specialist tax advice taking into account their own circumstances in relation to the consequences of disposing of Units under the Trust Scheme.

²⁴ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

Overview of The Trust Scheme

04

4.1 Background to the Trust Scheme

On 20 January 2020, AUFM announced that it had raised \$291 million in equity from new and existing investors to fund acquisitions and its development pipeline of \$675 million. The price per Unit at which the equity was raised was not disclosed.

On 17 February 2021, NorthWest submitted a confidential, non-binding and indicative proposal under which NorthWest Trust, a special purpose vehicle established by the Consortium Members, would acquire all of the Units that it did not already hold for a cash price per Unit of \$2.20 cash per Wholesale Unit, \$2.25 cash per Retail Unit and \$1.42 cash per Class A Unit plus quarterly distributions of income by way of a trust scheme amendment to the Constitution.

On 22 February 2021, AUFM announced updated independent valuations for 56% of AUHPT's properties (by total book value). These valuations resulted in a net increase of approximately \$101 million, or 9%, over the preceding book value immediately prior to the valuation of those properties.

On 26 February 2021, the AUFM Board announced that it had determined that it would not engage in any discussions with NorthWest. In this announcement, AUFM stated that, "AUHPT's future growth is underpinned by an attractive and deep pipeline of development project works in excess of \$1 billion, which continue to be progressed and are expected to deliver ongoing future value for Unitholders".

On 12 March 2021, NorthWest submitted an improved, confidential, non-binding and indicative proposal to AUFM for NorthWest Trust to acquire all of the Units that it did not already hold for \$2.40 cash per Wholesale Unit, \$2.47 cash per Retail Unit and \$1.55 cash per Class A Unit, by way of a trust scheme amendment to the Constitution.²⁵

On 26 March 2021, the AUFM Board announced that it had determined that it would not engage in any discussions with NorthWest.

On 6 April 2021, the AUFM Board announced updated valuations for 8.3% of AUHPT's properties (by total book value). These valuations resulted in a net increase of \$10.22 million or 5.76% from the properties' book value prior to valuation.

On 13 April 2021, AUFM disclosed during a webinar that \$510 million of developments relate to greenfield sites (approximately \$360 million) and brownfield expansions (approximately \$150 million) where the development manager and precinct are described as "to be announced" and the construction period is described as "FY23+" (greenfield sites) and "FY22+" (brownfield expansions). For further information on the development pipeline, see section 5.5.

On 5 May 2021, the AUFM Board announced updated valuations for 8 of AUHPT's properties. These valuations resulted in a net increase of \$68.34 million or 5.35% from the properties' book value prior to valuation.

On 24 May 2021, NorthWest submitted a further improved, confidential, non-binding and indicative proposal to AUFM at a cash price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit.

Despite the price increase, the significant premium to AUHPT's current and independent valuations and NorthWest's willingness to further increase its cash price if further value could be demonstrated through due diligence, AUFM advised NorthWest that it had determined that it will not engage in any discussions with NorthWest, and has denied the Consortium access to due diligence.

²⁵ Under the Revised Proposal, the cash price was to be reduced by the amount of any quarterly distributions of income or other distributions which Unitholders receive or become entitled

to receive. This was estimated at \$0.05 per Wholesale Unit (i.e. \$0.025 per quarter), \$0.06 per Retail Unit (i.e. \$0.028 per quarter) and \$0.03 per Class A Unit (i.e. \$0.014 per quarter).

4.1 Background to the Trust Scheme (continued)

NorthWest considered it appropriate to commission the Independent Expert to opine on the Proposal and to put the Proposal to Unitholders to consider and vote on.

On 24 December 2020 and 27 January 2021, NorthWest entered into put and call arrangements with Hume to option the benefit of put and call arrangements over approximately 16.2% of the value of Units on issue in aggregate. At the time, NorthWest Hold Trust was willing to pay Hume a non-refundable amount of approximately \$50 million, which reflected the value to NorthWest of acquiring control over a significant holding of Units for 13 months without being required to fund the acquisition of those Units upfront. NorthWest Hold Trust entered into those put and call arrangements in anticipation that it would facilitate a friendly transaction with AUFM.

On 28 May 2021, NorthWest acquired approximately 5.1% of the value of Units on issue from Hume at a purchase price of \$2.55 per Wholesale Unit (plus accrued distributions), so that NorthWest Hold Trust would become a registered holder of more than 5% of the value of Units on issue and be permitted to call a meeting of Unitholders and present its Proposal directly to Unitholders.

In addition, NorthWest has put and call options with Hume over approximately 11.1% of the value of Units on issue that are exercisable at the Cash Price.

For further information on the put and call arrangements, see section 6.7.

4.2 What is the Trust Scheme?

As set out in section 3.1 of this Trust Scheme Booklet, the Trust Scheme involves the acquisition by NorthWest Trust of all of the Units in return for the Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit. In addition to the payment of the Cash Price under the Trust Scheme, Unitholders will remain entitled to receive a 30 June Distribution expected to be 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.

Therefore, if the Trust Scheme is approved and implemented in accordance with the current timetable, Participants will receive a payment of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit they hold on the Record Date. In addition to the payment of the Cash Price under the Trust Scheme, Unitholders will remain entitled to receive a 30 June Distribution expected to be 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.²⁶ It is currently anticipated that the Record Date will be 7:00 pm (Melbourne time) on Monday, 5 July 2021 and the Cash Price will be paid to Participants on the Implementation Date.

²⁶ The Cash Price will not be reduced by distributions of income that Unitholders become entitled to or receive in the ordinary course of business and able to be funded from AUHPT's free cash flow. If the Trust Scheme is approved and implemented, Unitholders will remain

entitled to the 30 June Distribution and the Pro Rata Distribution, without impacting the Cash Price. Any special distributions or returns of capital would reduce the Cash Price otherwise payable for Units.

4.3 What does the Independent Expert say?

In summary, the Independent Expert has concluded that the Trust Scheme is fair and reasonable and in the best interests of Unitholders. The Independent Expert has been commissioned by NorthWest to provide an Independent Expert's Report in accordance with the independence of expert requirements of ASIC Regulatory Guide 112.²⁷ The Independent Expert has based its opinion on publicly available information, having regard to the refusal of AUFM to provide NorthWest with access to due diligence.

The Independent Expert has assessed the full underlying value of AUHPT to be in the range of \$2.31 to \$2.49 per Wholesale Unit, \$2.36 to \$2.55 per Retail Unit and \$1.46 to \$1.58 per Class A Unit. The Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit exceeds this range.

A complete copy of the Independent Expert's Report is contained in Annexure A. Unitholders are encouraged to read the Independent Expert's Report in full.

4.4 Are there any conditions that must be satisfied in order for the Trust Scheme to be implemented?

The Trust Scheme is conditional on the satisfaction or (where applicable) waiver of the following Condition Precedent:

Condition Precedent	Status
(no Adverse Event) from the date of this Trust Scheme Booklet until the Lodgement Date, there is no Adverse Event.	As at the date of this Trust Scheme Booklet, NorthWest is not aware of anything that will cause this condition not to be satisfied.

An Adverse Event is defined in section 9, and includes an event, occurrence or circumstance which could negatively impact AUHPT's underlying value, including new issues of Units or material disposals of part of AUHPT's business or property. Most Adverse Events are in AUFM's control.

If the Condition Precedent is not satisfied or (where applicable) waived, the Trust Scheme will not proceed. For further information in relation to the implications of the Trust Scheme not proceeding, see clause 4.10 of this Trust Scheme Booklet.

4.5 What am I being asked to vote on?

Unitholders will be asked to consider, and if thought fit, approve the Transfer Resolution as a special resolution. If the Transfer Resolution is not passed, the Trust Scheme will not proceed.

Transfer Resolution

To enable the Trust Scheme to be implemented, it is necessary to amend the Constitution.

The Transfer Resolution approves those amendments to the Constitution to enable the Trust Scheme to be implemented and make it binding on all Unitholders. If the Transfer Resolution is approved, AUFM must lodge a modified Constitution, together with any necessary forms, with ASIC to give effect to those amendments.

²⁷ A copy of ASIC Regulatory Guide 112 can be obtained at www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-112-independence-of-experts.

4.5 What am I being asked to vote on? (continued)

The amendments to the Constitution provides for the transfer of all Units to NorthWest Trust as well as enabling provisions to achieve that transfer and to effect payment of the Cash Price to Unitholders.

The Transfer Resolution and applicable voting exclusions are set out in the Notice of Meeting in Annexure B.

4.6 What voting majorities are required to approve the Transfer Resolution as a special resolution?

The voting majority required to approve the Transfer Resolution as a special resolution is the approval by at least 75% of the value of Units voted on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative) by Unitholders entitled to vote on the resolution.

The vote on the Transfer Resolution will be conducted by way of a poll. On a poll, each Unitholder present in person or by proxy has one vote for each dollar of the value of its total interest in AUHPT. The value of a Unitholder's total interest in AUHPT will be calculated by reference to the last Withdrawal Prices as shown on the AUHPT Website on the business day immediately before the day of the AUHPT Meeting.

4.7 Who is excluded from voting?

In accordance with section 253E of the Corporations Act, AUFM and its associates are not entitled to vote on the Transfer Resolution if they have an interest in the Transfer Resolution other than as a member of AUHPT.

Those exclusions are described more fully in the Notice of Meeting set out in Annexure B. The Chair of the AUHPT Meeting will be responsible for determining whether a Unitholder is entitled to vote on the Transfer Resolution based on the factual circumstances existing at the time of the AUHPT Meeting.

4.8 What happens if I do not vote or vote against the Proposal?

If you do not vote at the AUHPT Meeting, or vote against the Proposal, then the Trust Scheme may not be approved. The Trust Scheme cannot be implemented unless the Transfer Resolution is passed by the required majority of Unitholders at the AUHPT Meeting.

However, even if you do not vote, or vote against the Proposal, the Trust Scheme may still be approved. If the Transfer Resolution is approved by the required majority at the AUHPT Meeting, then subject to the Condition Precedent being satisfied or (where applicable) waived, the Trust Scheme will be implemented and binding on all Participants, including those who vote against the Proposal and those who do not vote at all. In these circumstances, all Units that you hold as at the Record Date will be acquired and you will receive the Cash Price in respect of those Units. NorthWest has scheduled the Implementation Date for ten Business Days after the Record Date, or such later date determined by NorthWest and notified to Unitholders (currently expected to be Monday, 19 July 2021). This means that the Trust Scheme will not be implemented, and NorthWest will not acquire any Units under the Trust Scheme, until at least 12 Business Days after the date of the AUHPT Meeting.

4.9 What happens if a Superior Proposal emerges?

Since the Initial Proposal was received by AUFM on 17 February 2021, no Superior Proposal has emerged from any party other than NorthWest. NorthWest considers that the likelihood of a Competing 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).²⁸

If a Competing Proposal is made involving AUHPT, NorthWest expects that the AUHPT Directors will consider the merits of that proposal. If the AUHPT Directors consider that the Competing Proposal is a Superior Proposal, NorthWest expects that they will advise you of their recommendation.

4.10 What happens if the Condition Precedent is not satisfied or (where applicable) waived and the Trust Scheme does not proceed?

If the Trust Scheme is not implemented, AUFM will continue to implement its strategy and investment objectives. However, the Units will continue to be valued under the Withdrawal provisions of the Constitution at NAV less AUHPT's sell spread which is below the Cash Price proposed by NorthWest. There is no guarantee that Units will be valued at, or above the Cash Price in the future.

4.11 What happens if the Trust Scheme becomes Effective and is implemented?

(a) Obligations of NorthWest and NorthWest Trust

On 28 May 2021, NorthWest and NorthWest Trust executed a Deed Poll in favour of the Participants pursuant to which they agreed, subject to the Trust Scheme becoming Effective, to:

- (i) duly and punctually observe and perform all obligations contemplated of them under and in accordance with the Trust Scheme, including to pay the Cash Price for Units to Participants in accordance with the Deed Poll; and
- (ii) do all things that they are required to do under the Deed Poll to implement the Trust Scheme.

A copy of the form of the Deed Poll is set out in Annexure D.

(b) Steps for acquisition of Units

If the Trust Scheme becomes Effective:

- (i) NorthWest Trust will pay the Cash Price for Units to Participants, in cleared funds into an Australian denominated trust account in the name of, and operated by, the Paying Agent by no later than 10:00 am (Melbourne time) on the Business Day before the Implementation Date;
- (ii) subject to NorthWest Trust paying the aggregate Cash Price to the Paying Agent as set out above, the Paying Agent will pay to each Participant the Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit that they hold (subject to any withholding as outlined in section 7.1(b) of this Trust Scheme Booklet or restriction on payment required by law) on the Implementation Date in the manner described below; and
- (iii) all Units will be transferred to NorthWest Trust pursuant to, and in accordance with, the terms of the Supplemental Deed.

²⁸ Disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

4.11 What happens if the Trust Scheme becomes Effective and is implemented? (continued)

(c) What Unitholders will receive

If the Trust Scheme is approved and implemented and you are a Participant, you will receive the Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit for each Scheme Unit you hold (subject to any withholding as outlined at section 7.1(b) of this Trust Scheme Booklet or restriction on payment required by law).

In addition, Unitholders will remain entitled to receive a 30 June Distribution expected to be 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. The Pro Rata Distribution is expected to be paid by the responsible entity or trustee of AUHPT around the Implementation Date.

Your Units will be acquired and you will receive the Cash Price even if you did not vote or voted against the Proposal.

You will be a Participant if you are a Unitholder on the Register on the Record Date (other than NorthWest Trust).

If any amount is required to be withheld by NorthWest Trust under Subdivision 14-D of Schedule 1 to the Taxation Administration Act (which relates to withholding from the purchase price paid to certain 'foreign residents'), the amount will be deducted from the Cash Price (see section 7.1(b) of this Trust Scheme Booklet for further information).

(d) Payment of the Cash Price

The Cash Price will be paid by the Paying Agent making a payment to each Participant's bank account nominated with the Paying Agent before the Record Date.

If a Participant has not notified the Paying Agent of a bank account or would like to change the existing nominated bank account, the Participant should complete a Direct Credit Facility form, available at www.northwestproposal.com.au, and return it to the Paying Agent before the Record Date.

If a Participant does not have a nominated bank account with the Paying Agent as at the Record Date, that Participant will be sent a cheque for any Cash Price that the Participant is entitled to receive under the Trust Scheme. If the Participant's whereabouts are unknown as at the Record Date, the Cash Price will be paid into a separate bank account and held by the Paying Agent on trust until claimed or applied under laws dealing with unclaimed money.

(e) Determination of persons entitled to the Cash Price

(i) Dealings on or prior to the Record Date

For the purpose of establishing the persons who are Participants, dealings in Units will only be recognised if registrable transfers or transmission applications are received by the Record Date. AUFM must register such transfers or transmission applications which it receives at or before the Record Date.

(ii) Dealings after the Record Date

From the Record Date, each entry on the Register will cease to be of any effect other than as evidence of entitlement to the Cash Price in respect of Participants relating to that entry.

Any statements of holding in respect of Units shall, from the Record Date, cease to have any effect as documents of evidence of title in respect of such Units.

4.11 What happens if the Trust Scheme becomes Effective and is implemented? (continued)

(f) Post-implementation matters

Following implementation of the Trust Scheme, an application will be made for voluntary deregistration of AUHPT (and its sub-trusts, where applicable) as a managed investment scheme under the Corporations Act. The trustee of each sub-trust of AUHPT will also be replaced by a wholly owned subsidiary of NorthWest REIT with effect after implementation of the Trust Scheme. Refer to section 6.6 of this Trust Scheme Booklet for further detail about the Consortium's intentions in the event that the Trust Scheme becomes Effective.

4.12 What are the taxation implications of the Trust Scheme for Unitholders?

The taxation consequences of the Trust Scheme for Unitholders will depend on the personal taxation and financial circumstances of each Unitholder.

General information about the Australian CGT consequences of the Trust Scheme is set out in section 7 of this Trust Scheme Booklet. This general information does not apply to Unitholders who hold their Units on revenue account or as trading stock.

NorthWest recommends that Unitholders consult their own taxation advisers about the taxation consequences for them if the Trust Scheme is approved and implemented.

4.13 What happens if you do not provide a declaration to NorthWest that you are an Australian resident or that your interest in AUHPT is not an indirect Australian real property interest?

If you do not provide a declaration to NorthWest that you are an Australian resident or that your interest in AUHPT is not an indirect Australian real property interest, NorthWest will, if it knows or reasonably believes you are a foreign resident, or does not reasonably believe that you are an Australian resident and it has an address outside Australia for you or is authorised to make payment outside Australia in respect of the Participant, withhold 12.5% of the Cash Price and remit this amount to the ATO.

More information on the foreign resident CGT withholding is set out in section 7.1(b) of this Trust Scheme Booklet.

4.14 What if I want further information?

If you have any questions about the Trust Scheme, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au.

For information about your individual financial or taxation circumstances please consult your financial or other professional adviser.

Information About AUHPT

05

5.1 Disclaimer

This overview of AUHPT and all the AUHPT Information in this Trust Scheme Booklet has been prepared by NorthWest using publicly available information and has not been independently verified by NorthWest.

Subject to applicable law, none of NorthWest, NorthWest Trust or the Consortium Members, nor any of their respective directors, officers, employees or advisors assume any responsibility for the accuracy or completeness of this information.

This overview of AUHPT and all the AUHPT Information in this Trust Scheme Booklet has not been prepared by, and is not issued by, the responsible entity of AUHPT, AUFM.

5.2 Overview of AUHPT

AUHPT is an unlisted property trust that primarily invests in a diversified portfolio of healthcare property and related assets, including direct property, unlisted managed funds, listed REITs, property syndicates or companies that mainly hold healthcare property.

Healthcare property investment includes the ownership of the physical infrastructure supporting the healthcare system, including the land and buildings associated with hospitals, medical clinics, aged care accommodation, day surgeries, consulting rooms, rehabilitation units, radiology and pathology centres.

AUFM is the responsible entity of AUHPT.

5.3 Portfolio overview

A summary of AUHPT's portfolio as at 31 March 2021 is set out below.

Key portfolio statistics	As at 31 March 2021
Number of properties	66
Total number of tenants	173
Weighted average lease expiry (by income)	15.7 years
Occupancy (by income)	98.3%
Gross asset value	\$2,477.8 million

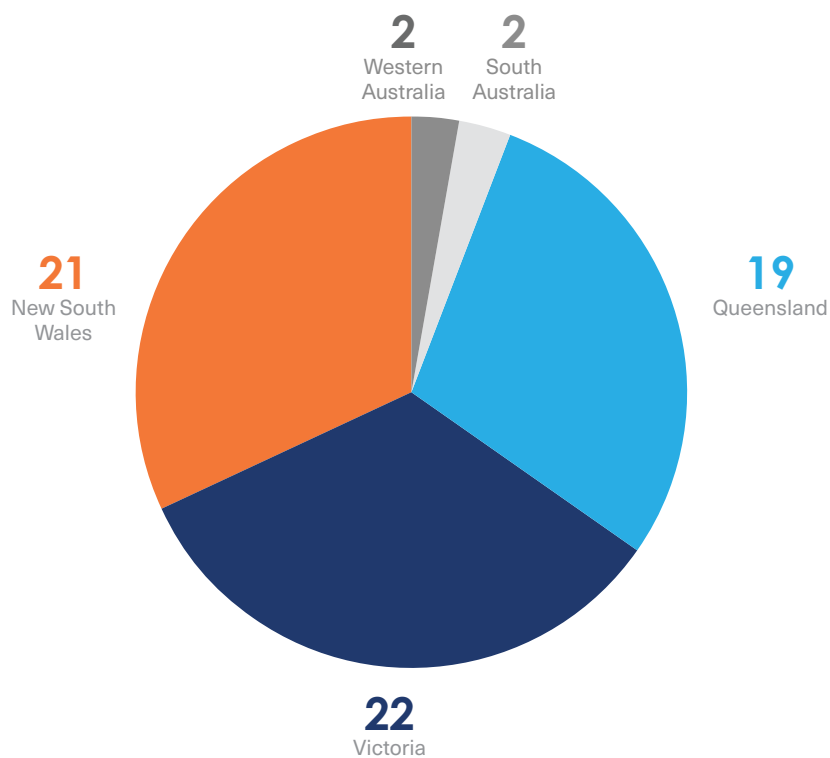
Source: AUHPT's 'Fund Update' dated 31 March 2021.

5.3 Portfolio overview (continued)

(a) Geographical allocation (by value) as at 31 March 2021

State	Number of assets	%
Queensland	19	41.2
Victoria	22	33.7
New South Wales	21	20.1
Western Australia	2	2.6
South Australia	2	2.4
Total	66	100.0

Source: AUHPT's 'Fund Update' dated 31 March 2021.



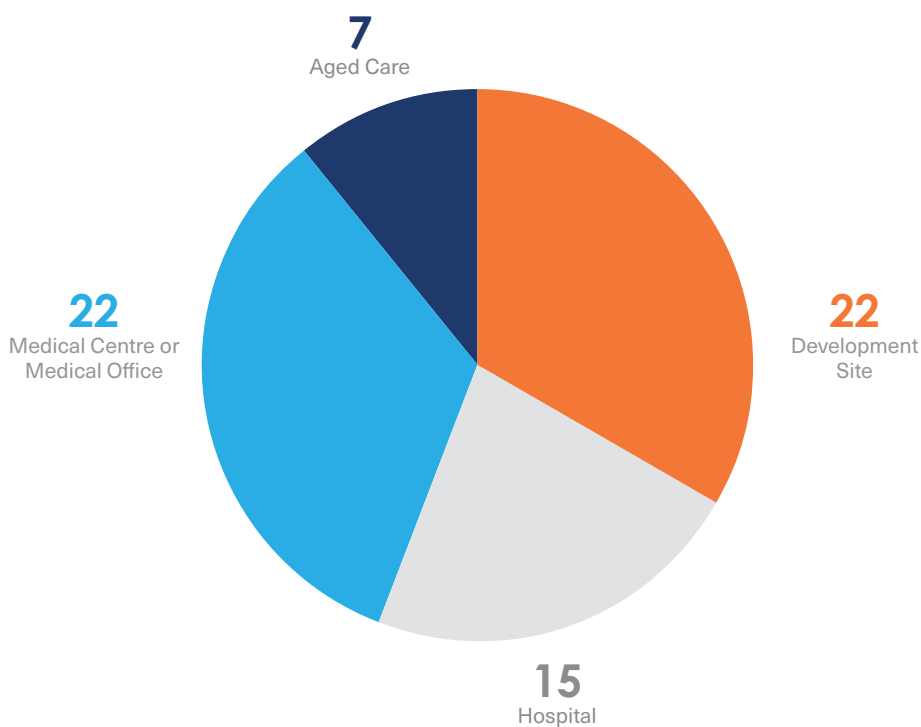
Source: AUHPT's 'Fund Update' dated 31 March 2021.

5.3 Portfolio overview (continued)

(b) Sector allocation (by value) as at 31 March 2021

Sector	Number of assets	%
Hospital	15	60.4
Medical Centre or Medical Office	22	29.7
Aged Care	7	7.5
Development Site	22	2.4
Total	66	100.0

Source: AUHPT's 'Fund Update' dated 31 March 2021.



Source: AUHPT's 'Fund Update' dated 31 March 2021.

5.3 Portfolio overview (continued)

(c) Top 5 tenants (by income) as at 31 March 2021

Tenant	%
Metro North Hospital and Health Service	19.7
Ramsay Health	17.2
Healthcare	15.3
Infinite Care	8.0
Queensland Government	5.9
Total	66.1

Source: AUHPT's 'Fund Update' dated 31 March 2021.

(d) Portfolio composition as at 31 March 2021

A list of AUHPT's properties and their key statistics as at 31 March 2021 is contained in the Fund Update dated 31 March 2021 available at the AUHPT Website.

5.4 Financial information

AUHPT's last published annual financial statements are for the financial year ended 30 June 2020, as lodged with ASIC on 5 October 2020. AUHPT also lodged its interim financial report for the half-year ended 31 December 2020 with ASIC on 4 March 2021 (**Interim Financial Report**).

NorthWest is not aware of any changes to AUHPT's financial position since lodgement of the Interim Financial Report, other than from the announcements made by AUFM on the AUHPT Website or from documents lodged with ASIC by AUFM.

For information regarding the financial position of AUHPT and its affairs, you should refer to the full range of information that has been disclosed by AUFM on the AUHPT Website or lodged with ASIC by AUFM and may be obtained from ASIC's registers at www.connectonline.asic.gov.au.

5.5 Development pipeline

AUFM has made various statements since the financial year ended 30 June 2020 as to its development pipeline.

In its Continuous Disclosure Notice dated 6 January 2021, AUFM noted that AUHPT seeks to enhance its existing properties through selective exposure to property development.²⁹

AUFM noted in the Continuous Disclosure Notice dated 6 January 2021 some of the more significant developments aggregating costs to complete of \$166.7 million were:

- (a) **Surgical, Treatment and Rehabilitation Service (STARS), Herston, Queensland**
Commercial Acceptance and Stage Completion achieved on 4 November 2020.
- (b) **Beleura Private Hospital, Beleura, Victoria**
Estimated cost to complete: \$22 million – brownfield expansion.
- (c) **Sunshine Private Hospital & Medical Centre, St Albans, Victoria**
Estimated cost to complete: \$99 million – Early Contractor Involvement tender completed.
- (d) **Townsville Private Clinic, Townsville, Queensland**
Estimated cost to complete: \$0.3 million – practical completion occurred.
- (e) **Western Hospital, Henley Beach, South Australia**
Estimated cost to complete: \$7.4 million – works for fourth operating theatre.
- (f) **Kingswood Private Hospital, Kingswood, New South Wales**
Estimated cost to complete: \$38 million – Initial Project Control Meetings established.

On 26 February 2021, in its letter to Unitholders rejecting the Initial Proposal, AUFM stated that, "AUHPT's future growth is underpinned by an attractive and deep pipeline of development project works in excess of \$1 billion, which continue to be progressed and are expected to deliver ongoing future value for Unitholders".

During a webinar hosted on 13 April 2021, AUFM released a slide disclosing the following information concerning its development pipeline.

²⁹ Property development means the construction of a new building, significant increases to the lettable area of a building or significant

changes to the configuration, nature or use of the property.

5.5 Development pipeline (continued)

Development opportunities	Development capital	Development manager	Precinct	Construction period
Kellyville Medical Centre, NSW	\$8 million	Tenant	N/A	2021 – 2022
Sunshine Private Hospital, VIC	~\$100 million	Australian Unity Group Member	Yes	2021 – 2023
Herston Private Hospital, QLD	~\$150 million	TBA	Yes	2022 – 2023
Matilda Private Hospital Nepean, NSW	~\$37 million	Tenant	Yes	2021 – 2023
Weststate Private Hospital, QLD	~\$46 million	Tenant	N/A	2021 – 2023
Queensland Private Hospital 1	~\$200 million	TBA	Yes	FY23+
Birtinya Medical Centre, QLD	~\$30 million	TBA	Yes	FY23+
Kingwood Private Hospital 2, NSW	~\$40 million	TBA	Yes	FY25+
Brownfield expansions	~\$150 million	TBA	N/A	FY22+
Greenfield sites	~\$360 million	TBA	TBA	FY23+
Total	>\$1 billion	-	-	-

Source: AUHPT's 'Update on the Healthcare Property Trust' webinar hosted on 13 April 2021.

Approximately, \$510 million of these developments relate to greenfield sites (approximately \$360 million) and brownfield expansions (approximately \$150 million) where the development manager and precinct are described as "to be announced" and the construction period is described as "FY23+" (greenfield sites) and "FY22+" (brownfield expansions).

In relation to the \$411 million in identified pipeline projects, based on publicly available information:

- (a) AUFM has entered into agreements for lease with aspiring hospital operators for two greenfield private hospitals in Sunshine, Victoria (\$100 million) and Kingswood, New South Wales (\$44 million). The covenant and track record of these unproven and yet to trade operators in Unitas Healthcare and Matilda Health Care requires scrutiny. New greenfield hospitals typically require in excess of 5 years before they are profitable. Furthermore, not only does an operator need the financial strength to weather the loss-making period, they also require deep experience in the provision of healthcare to ensure positive outcomes for their patients. It is unclear why AUFM decided to proceed with new and unproven operators, rather than pursue the opportunity with one of their existing operators such as Ramsay, Healthe Care or one of the other top tier private hospital operators in Australia.
- (b) AUFM has presented an indicative only and, in the opinion of NorthWest, highly conditional development pipeline, which includes \$411 million in identified pipeline projects which NorthWest has already attributed value to in this Proposal. Of the identified pipeline projects:
 - (i) the \$150 million Herston Private Hospital is yet to attract any interest from private hospital operators after years of market sounding; and
 - (ii) several of the development sites (e.g. three sites in Queensland in Meadowbrook, Birtinya (\$30 million) and Townsville (\$46 million)) provide speculative long term development without operators or development approvals in some cases.

5.6 Directors of AUFM

As at the date of this Trust Scheme Booklet, the directors of AUFM are all executives of Australian Unity:

- (a) Rohan William Mead;
- (b) Esther Kerr-Smith; and
- (c) Darren Craig Mann.

5.7 Capital structure as at 31 December 2020

As at 31 December 2020, based on the Interim Financial Report, there are three classes of Units, being Wholesale Units, Retail Units and Class A Units, and 917,978,000 Units on issue.

NorthWest expects additional Units may have been issued subsequent to 31 December 2020 under the AUHPT distribution reinvestment plan in connection with the 31 March 2021 distribution on Units. In addition, since 31 December 2020, Units may have been cancelled as a result of Withdrawal requests. AUFM has not disclosed the number of Units on issue subsequent to 31 December 2020. Percentage unitholdings in AUHPT disclosed in this Trust Scheme Booklet are based on the number of Units disclosed by AUFM as at 31 December 2020.

5.8 Information publicly disclosed and documents lodged with ASIC

ASIC recommends responsible entities of registered unlisted property schemes in which retail investors invest to provide a statement addressing six benchmarks and eight disclosure principles. These benchmarks and disclosure principles are contained in ASIC Regulatory Guide 46. The Property Council of Australia and the Property Funds Association have issued their supplement to ASIC Regulatory Guide 46 in the form of their RG46 Voluntary Practice Note. Any such statements are available at the AUHPT Website.

In addition, AUFM is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by AUFM may be obtained from ASIC's registers at www.connectonline.asic.gov.au.

5.9 Material contracts

There is a risk that some material contracts to which AUHPT and its controlled entities are a party (such as leases) contain change of control or pre-emptive rights provisions that may be triggered following implementation of the Trust Scheme.

The operation of such provisions may have negative consequences for AUHPT. However, as NorthWest has not been able to conduct any due diligence of non-public information in relation to AUHPT's business at this time, it is unable to provide further details about which consents will be required (if any) or the consequences if such consents are not obtained.

If any change of control provisions within AUHPT's contracts are triggered as a consequence of the Trust Scheme, the consent of the relevant counterparty may be required, and/or that counterparty may seek to terminate or renegotiate the relevant contract on terms less favourable to AUHPT or to exercise rights triggered by the change of control.

However, NorthWest does not expect any change of control or pre-emptive rights provisions to be triggered until after the Trust Scheme is approved and implemented and payment to Unitholders of the Cash Price is made.

5.10 Announcements by AUFM in relation to the Proposal

Since the Initial Proposal was received by AUFM on 17 February 2021, the following announcements have been made on the AUHPT Website in relation to the Proposal:

Date	Title
22 February 2021	Holding statement regarding NorthWest proposal – Australian Unity Healthcare Property Trust
26 February 2021	Letter to unitholders in the Australian Unity Healthcare Property Trust regarding NorthWest proposal
16 March 2021	Holding statement regarding NorthWest proposal – Australian Unity Healthcare Property Trust
26 March 2021	Letter to unitholders in the Australian Unity Healthcare Property Trust regarding revised NorthWest proposal
31 March 2021	Healthcare Property Trust – Fund Update – 31 March 2021
21 April 2021	Letter to unitholders in the Australian Unity Healthcare Property Trust
25 May 2021	Holding statement regarding revised NorthWest proposal – Australian Unity Healthcare Property Trust

Information About NorthWest, NorthWest Trust and The Consortium



6.1 Overview of the Consortium

The NorthWest Trust, in respect of which NorthWest acts as trustee, has been established for the purpose of acquiring all of the Units which NorthWest Hold Trust does not hold at 7:00 pm (Melbourne time) on Monday, 5 July 2021, or such later date determined by NorthWest and notified to Unitholders.

By the date of the AUHPT Meeting, NorthWest Hold Trust will beneficially own 30% of NorthWest Trust and Salveo Trust will beneficially own 70% of NorthWest Trust. The Consortium Members have agreed to co-operate for the purpose of pursuing a transaction involving the acquisition of all of the Units which NorthWest Hold Trust does not hold at the Record Date.

6.2 Information on the Consortium Members

(a) NorthWest

NorthWest REIT, together with its related bodies corporate, has over 17 years' experience in healthcare real estate investment, management and development. NorthWest currently has \$8 billion of healthcare assets under management globally, including \$4.5 billion in Australia and New Zealand.

NorthWest has been operating in Australia and New Zealand since 2011 and is today the largest manager of healthcare real estate in the region. It is the manager for Vital Healthcare Property Trust, a \$2.2 billion healthcare real estate investment trust listed on the NZX Main Board (NZX: VHP) which has been operating in the region since 1994, as well as a joint venture with a sovereign wealth fund with assets under management of \$2.3 billion and a further \$1.5 billion of committed capacity.

NorthWest's local management team is made up of 45 highly experienced healthcare real estate specialists based in Melbourne (head office), Sydney and Auckland, with a proven track record of value creation in healthcare real estate, including development and assisting the growth of our operators and partners.

NorthWest has deep, long-standing partnerships with both non-profit and for-profit major Australian healthcare operators, evidenced through repeated transactions and an extensive development track record with these operators. The NorthWest team's current development projects underway and identified pipeline totals over \$1 billion across 10 projects.

NorthWest REIT has been listed in Canada (TSX: NWH.UN) since 2010, and today provides investors with access to a portfolio of high-quality healthcare real estate comprised of interests in a diversified portfolio of 186 income-producing properties and 1.5 million square metres of gross leasable area located throughout major markets in Canada, Brazil, Europe (England, Germany and the Netherlands), Australia and New Zealand. With a fully integrated and aligned senior management team, NorthWest REIT leverages over 230 professionals in nine offices in five countries to serve as a long term real estate partner to leading healthcare operators.

Further information on NorthWest REIT and its related bodies corporate is available from its website at www.nwhreit.com.

(b) Salveo Trust

Salveo Trust is wholly owned indirectly by GIC (Realty) Private Limited, which is an investment holding company for investments managed by GIC Real Estate Private Limited (**GICRE**). GICRE is the real estate investment arm of GIC Private Limited (**GIC**), which is incorporated in Singapore and wholly owns GICRE.

GIC was incorporated in 1981 under the Singapore Companies Act and is wholly owned by the Government of Singapore. It was set up with the sole purpose of managing Singapore's foreign reserves. GIC invests over \$100 billion internationally in a wide range of asset classes and instruments.

6.3 Directors of NorthWest

If the Trust Scheme becomes Effective, Unitholders will no longer hold any Units after the Implementation Date and AUHPT will be wholly owned by NorthWest Trust. As there will be no external Unitholders, there is no necessity that the responsible entity of AUHPT have independent directors after the Trust Scheme is approved and implemented.

The directors of NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as at the date of this Trust Scheme Booklet are:



Craig Mitchell

President

Craig Mitchell has more than 20 years' experience specialising in the property industry in Australia. Prior to joining NorthWest REIT, his previous roles include Executive Director and Chief Operating Officer of Dexus, an ASX-listed REIT.

Craig is President of NorthWest REIT, having joined in 2018 as Chief Executive Officer of Australia and New Zealand. He is responsible for funds management globally, including establishment of new funds, providing strategic direction as part of NorthWest REIT's global leadership team, and has overall accountability for the Australian and New Zealand region, including strategy, performance and leading the team of 45 real estate professionals.

Craig has a Master of Business Administration (Executive) from the Australian Graduate School of Management, a Bachelor of Commerce and is a Fellow of CPA Australia. He has also completed the Advanced Management Program at Harvard University, Boston.



Richard Roos

Executive Director

Richard Roos has over 20 years' career experience in commercial real estate financing, acquisitions and property management, 14 years of which have been in healthcare real estate.

In his role as Executive Director, Richard is responsible along with his Melbourne and Auckland-based teams for the asset management of NorthWest REIT's Australian and New Zealand portfolio, including leasing and tenant relationships, and joint responsibility for acquisitions and business development. In particular, Richard's strong relationships with healthcare operators are a crucial element of NorthWest's success in sustainably achieving its growth targets.

6.3

Directors of NorthWest (continued)

**Miles Wentworth**

Director and Advisor

Miles Wentworth has over 30 years' experience in financial services and property funds management, 25 years of which have been specifically in healthcare fund, property and development management.

Miles was previously the Chief Executive Officer and one of the founders of the ASX-listed Generation Healthcare REIT which was acquired by NorthWest REIT in 2017. Prior to that, Miles was the Chief Executive Officer of the NZX-listed Vital Healthcare Property Trust.

Miles brings his considerable knowledge and expertise to NorthWest REIT in his role as Director and Adviser.

Miles holds a Bachelor of Commerce (Accounting) from Otago University, is a Chartered Accountant and a member of Chartered Accountants Australia and New Zealand.

**Mike Brady**

Executive Vice President, General Counsel and Corporate Secretary

Mike Brady is the Executive Vice President, General Counsel and Secretary at NorthWest REIT. Since joining NorthWest REIT in 2006, Mike has played a significant commercial and legal role in the strategic direction and growth of NorthWest REIT, most recently leading the team to complete a €2 billion pan-European joint venture fund, a \$435 million UK hospital portfolio, and a \$2 billion joint venture fund and acquisition of a \$1.25 billion hospital portfolio in Australia.

Mike is a graduate of Dalhousie University, where he earned his Bachelor of Arts (Economics), Master of Business Administration and Bachelor of Laws, and prior to joining NorthWest REIT practised law in Toronto. He was selected as a finalist for Canadian General Counsel of the Year in 2019.

Information on NorthWest REIT's Chairman and Chief Executive Officer, Paul Dalla Lana, the NorthWest REIT global management team and the NorthWest REIT Board of Trustees is available from its website at www.nwhreit.com/about-us

6.4 Rationale for the Trust Scheme

AUHPT's portfolio of healthcare real estate properties located in five Australian capital cities is consistent with the Consortium's strategic objectives of owning and managing healthcare real estate in Australia. If the Trust Scheme is approved and implemented, NorthWest expects that the acquisition of AUHPT will earn a return on the Consortium Members' investment primarily through rental income and management fees. The acquisition of AUHPT will also further diversify the composition of the NorthWest REIT and Salveo Trust property portfolios.

6.5 Funding arrangements for the Cash Price

On the Implementation Date, Participants will receive the Cash Price of \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit for each Unit they hold at the Record Date (subject to any withholding outlined at section 7.1(b) of this Trust Scheme Booklet or restriction on payment required by law). Based on the number of Units on issue that are not currently owned by the Consortium, as shown on the Register requested from AUFM on 17 February 2021, the maximum amount of cash payable by NorthWest Trust to Participants in connection with the Trust Scheme will be approximately \$2.1 billion.

NorthWest Trust has sufficient debt commitments from financiers and equity commitments from NorthWest REIT and Recosia Private Limited to fund the aggregate Cash Price in full, such that the Trust Scheme is not conditional on NorthWest Trust obtaining debt or equity finance to fund the payment of the Cash Price. NorthWest Trust proposes to fund the acquisition using a combination of debt and equity.

6.6 The Consortium's intentions if the Trust Scheme is approved and implemented

This section 6.6 sets out the Consortium's current intentions on the basis of facts and information concerning AUHPT and the general business environment, each of which as known to the Consortium at the time of the preparation of this Trust Scheme Booklet. The intentions set out in this section are statements of current intention only and are based on facts and circumstances that are known to the Consortium as at the date of preparing this Trust Scheme Booklet.

If the Trust Scheme is approved and implemented, NorthWest Hold Trust will own 30% of each AUHPT property through its 30% interest in NorthWest Trust and Salveo Trust will own 70% of each AUHPT property through its 70% interest in NorthWest Trust. In particular, NorthWest Trust intends to:

- (a) continue to operate AUHPT as a trust investing in Australian healthcare property;
- (b) deregister AUHPT (and its sub-trusts, where applicable) as a managed investment scheme registered under Part 5C of the Corporations Act;
- (c) develop and implement strategies to deliver superior returns on the healthcare real estate assets in the AUHPT portfolio including refurbishment or redevelopment of particular properties in the AUHPT portfolio, drive rental growth through implementation of leasing strategies and maintenance of rental income in performing assets; and
- (d) remove AUFM as responsible entity of AUHPT and appoint NorthWest (holder of AFSL number 489445) as the new responsible entity.

6.7 NorthWest's interest in AUHPT

Votes cast by NorthWest and the Relevant Unitholders at the AUHPT Meeting will be separately tagged so that these votes can be clearly identified for the purpose of recording voting at the AUHPT Meeting.

As at the date of this Trust Scheme Booklet, NorthWest Hold Trust is entitled to be the registered holder of 43,793,046 Wholesale Units, representing approximately 5.1% of the value of Units on issue. In addition, NorthWest Hold Trust has put and call options over 95,919,374 Wholesale Units, representing approximately 11.1% of the value of Units on issue.³⁰

On 28 May 2021, NorthWest and Hume entered into a Unit Sale Deed whereby NorthWest acquired 43,793,046 Wholesale Units held by Hume in aggregate at a purchase price of \$2.55 per Wholesale Unit. Completion of the purchase of those Wholesale Units took place immediately following entry of the Unit Sale Deed on 28 May 2021. There were no conditions to the completion of the purchase of the Wholesale Units pursuant to the Unit Sale Deed.

NorthWest was previously a party to certain put and call arrangements with Hume entered into on 24 December 2020 and 27 January 2021. These put and call arrangements provided for the purchase of 139,655,987 Wholesale Units from Hume at \$2.2057 per Wholesale Unit on the terms and subject to the conditions of those arrangements (including escalation arrangements if Wholesale Units were acquired from third parties at a higher price). Under those arrangements NorthWest Hold Trust paid Hume a non-refundable amount of \$50,164,430.53 for the entry of those arrangements.

Those put and call arrangements had been entered into in anticipation that NorthWest would be able to negotiate a recommended transaction with AUFM. As it became apparent that AUFM was not prepared to enter a transaction with NorthWest, on 28 May 2021, NorthWest varied the previous arrangements and directly acquired approximately 5.1% of the Units on issue by value from Hume pursuant to the Unit Sale Deed so that it can directly convene the AUHPT Meeting to allow Unitholders the opportunity to directly consider and vote on the Proposal.

On 28 May 2021, NorthWest entered into a Put and Call Option Deed with Hume in relation to 95,919,374 Wholesale Units held by Hume in aggregate, representing approximately 11.1% of the value of Units on issue.³¹

The Put and Call Option Deed contains a call option whereby NorthWest may elect to acquire the Wholesale Units from Hume. The call option may be exercised by NorthWest giving notice to Hume at any time on or before 24 January 2022. The Put and Call Option Deed contains a put option whereby Hume may elect to sell the Wholesale Units to NorthWest. The put option may be exercised by Hume giving notice to NorthWest at any time between 24 December 2021 and 24 January 2022. On exercise of the call option or the put option, completion of the purchase and sale of the Wholesale Units must take place 2 business days after a notice of exercise is given. There are no conditions to the exercise of the call option or the put option or to completion of the purchase and sale of the Wholesale Units.

The purchase price payable on exercise of the put and call options under the Put and Call Option Deed is \$2.55 per Wholesale Unit. That purchase price is payable on completion of the purchase of the Wholesale Units. If the put and call options have not been exercised before the Trust Scheme is approved and implemented, Hume will be paid the same Cash Price paid to all other Unitholders under the Trust Scheme and the put and call arrangements would lapse.

³⁰ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

³¹ Based on the number of Units on issue disclosed by AUFM as at 31 December 2020 and calculated using the Withdrawal Prices as shown on the AUHPT Website on 31 December 2020.

6.7

NorthWest's interest in AUHPT (continued)

The Unit Sale Deed and the Put and Call Option Deed contain escalation arrangements whereby NorthWest Hold Trust would pay any increased price it announces or proposes prior to 24 January 2021 pursuant to a proposal to acquire a majority of Units or a trust scheme or similar transaction or if it disposes of the Units acquired at a higher price within 6 months of 24 January 2021.

If the Trust Scheme is approved and implemented, then the escalator arrangement will not apply and no further amount will be paid to Hume under the escalation arrangement. As such, Hume will be paid the same amount per Unit as all other Unitholders.

Under the Unit Sale Deed and the Put and Call Option Deed, NorthWest must pay Hume the pro rata proportion of any distributions of income paid for the period commencing on 1 April 2021 and ending on completion of the purchase under the Unit Sale Deed or the Put and Call Option Deed (as applicable). If the Trust Scheme is approved and implemented, no additional pro rata distribution would be paid under the Unit Sale Deed or the Put and Call Option Deed.

If, between the date of the entry of the Put and Call Option Deed and completion of the purchase of the Wholesale Units under the call option or the put option, there is an alteration in the capital of AUHPT, the Wholesale Units the subject of the Put and Call Option Deed will be adjusted accordingly.

Under the Put and Call Option Deed, Hume has undertaken not to deal in the Wholesale Units the subject of the Put and Call Option Deed or to acquire any interest in further Wholesale Units until the earlier of completion of the purchase of the Wholesale Units under the call option or put option and the expiry of the option arrangements. Under the Put and Call Option Deed, Hume has committed to vote in favour of the Proposal at the AUHPT Meeting.

The Unit Sale Deed and the Put and Call Option Deed contains warranties by NorthWest and Hume as to the arrangements being binding on them and as to ownership of the Wholesale Units (in relation to Hume) that are customary in transactions of this nature. The Put and Call Option Deed can be terminated if a party becomes insolvent.

Taxation Considerations



Set out below is a general summary of the potential Australian tax implications of the Scheme for Participants who are residents of Australia for tax purposes and who hold their Units on capital account.

The summary below does not deal with the tax implications for Participants who do not hold their Units on capital account, such as Participants:

- (a) who hold their Units as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading;
- (b) who have acquired their Units for the purposes of resale at a profit; or
- (c) who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (which relates to the taxation of financial arrangements).

The summary below is not advice and should not be relied on as such. It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Participant. It also does not take account of any individual circumstances of any particular Participant. Taxation is a complex area of law and the taxation consequences for each Participant may differ depending on their own particular circumstances. Accordingly, Participants should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at 9:00 am (Melbourne time) on the date of this Trust Scheme Booklet. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the holding and disposal of Units.

7.1 Income tax

(a) Disposal of Units

A CGT event will occur on the disposal of a Unit on the Implementation Date.

(i) Residents

On the disposal of your Units as a result of the implementation of the Scheme, you may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal (i.e. the Cash Price) are more than the cost base (in which case you will make a gain) or less than the reduced cost base (in which case you will make a loss) of those Units.

For CGT purposes, the cost base (and reduced cost base) of each Unit generally includes the amount paid to acquire the Unit plus certain other expenses such as transaction and incidental costs (e.g. broker fees). Additionally, adjustments may be made to the cost base (and reduced cost base) depending on the character and quantum of amounts distributed or attributed to the Participant. The way in which adjustments should be made depends on whether AUHPT was an AMIT for the period to which the distribution or attribution relates, as set out below.

- (A) For periods in which AUHPT was not an AMIT, tax deferred distributions to Participants reduced the cost base and reduced cost base of the Units. Participants should have received annual taxation statements that outlined the tax deferred distributions made in respect of their Units.
- (B) For periods in which AUHPT was an AMIT, adjustments were made based on the difference between actual distributions Participants have a right to receive and the income components attributed to the Participant for tax purposes under the rules relating to AMITs. Broadly, a reduction in cost base and reduced cost base is required if the actual distributions exceed the attributed income components, while an increase to the cost base and reduced cost base is required if the attributed income amounts exceed the actual distributions. In each case, the amount of the adjustment is the difference between the two amounts. Participants should have received AMIT member annual statements which outline the relevant adjustments to be made for each year.

Any capital gain arising to Participants who are individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by 50% (after first offsetting current year or prior year capital losses) if the Units have been held for at least 12 months between the date the Units are treated as having been acquired for CGT purposes and the date of disposal (provided that certain other requirements are met).

For Participants which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting current year or prior year capital losses) if the Units have been held for at least 12 months between the date the Units are treated as having been acquired for CGT purposes and the date of disposal (provided that certain other requirements are met).

The CGT discount is not available to Participants that are companies.

Participants should seek their own advice in relation to the potential application of the CGT discount. Additionally, trustees should seek specific advice in relation to making distributions attributable to any capital gain to which the CGT discount applies.

If a Participant makes a capital gain on the basis that the capital proceeds from the disposal of the Units exceeds its cost base, any resulting net capital gain should be included in determining its assessable income in the year in which the Implementation Date occurs.

If a Participant makes a capital loss on the basis that the reduced cost base exceeds the capital proceeds from disposal of the Units, the loss can only be used to reduce capital gains in the current or future income years (and not other assessable income). Certain loss recoupment rules may need to be satisfied in order to be able to utilise any net capital loss.

7.1 Income tax (continued)

(ii) Non-residents

Participants who are non-residents of Australia for tax purposes will disregard any capital gain or loss on disposal of the Units unless the Units are "taxable Australian property". If a Unit is "taxable Australian property", any capital gain or loss should be determined as outlined in section 7.1(a)(i) above, except that non-resident Participants are generally not eligible to claim the CGT discount in respect of any gain made on the disposal.

In order for a Unit to be "taxable Australian property", one of the following criteria would generally need to be met:

- (A) the Unit is an "indirect Australian real property interest";
- (B) at any time, the relevant Participant held the Unit in carrying on business through a permanent establishment in Australia; or
- (C) the Participant elected to disregard a gain or loss in respect of the Unit on ceasing to be an Australian resident.

A Unit should be treated as an "indirect Australian real property interest" if, broadly:

- (A) the Participant, together with its associates, holds a non-portfolio interest (i.e. 10% or more) in AUHPT at the time of the disposal or for any 12 month period in the previous two years (**Non-portfolio Interest**); and
- (B) AUHPT's assets comprise more than 50% real property in Australia (by market value) (**Principal Asset Test**).

We expect that the Principal Asset Test will be met in respect of AUHPT. Accordingly, non-resident Participants should consider whether they hold a Non-portfolio Interest in AUHPT.

7.1 Income tax (continued)

(b) Foreign resident CGT withholding

NorthWest Trust will be required to withhold an amount from the Cash Price if:

- (i) the Participant has a Non-portfolio Interest; and
- (ii) either:
 - (A) NorthWest Trust knows or reasonably believes that the Participant to be a foreign resident; or
 - (B) NorthWest Trust does not know or reasonably believe that the Participant is an Australian resident and has an address outside Australia for the Participant or is authorised to make a payment outside of Australia in respect of the Participant.

If applicable, the rate at which NorthWest Trust will be required to withhold will be 12.5% of the Cash Price.

In order to ensure that it complies with its obligations, NorthWest Trust will request that each Participant provides a declaration (to the extent appropriate) that, either:

- (i) the Participant is an Australian resident; or
- (ii) the Participant does not hold a Non-Portfolio Interest.

If NorthWest Trust receives a declaration from a Participant, it should not be required to withhold from the Cash Price payable to the Participant (provided it does not know the declaration to be false). If NorthWest Trust does not receive a declaration from a Participant and it reasonably believes the Participant to be a foreign resident, or does not reasonably believe the Participant to be an Australian resident and it has an address for the Participant outside Australia or is authorised to make payment outside Australia, it will withhold the required amount from the Cash Price payable to the Participant and remit this amount to the Australian Taxation Office.

7.2 Stamp duty

Any stamp duty on the transfer of your Units to NorthWest Trust under the Trust Scheme will be paid by NorthWest.

7.3 GST

GST will not apply to the transfer of your Units to NorthWest Trust under the Trust Scheme. You may be charged an amount in respect of GST on costs that relate to the Trust Scheme (such as adviser fees relating to your participation in the Trust Scheme). You should seek independent professional taxation advice in relation to your individual circumstances as to whether you can claim any input tax credits in respect of those amounts.

Additional Information



8.1 Constitution

A unitholding in AUHPT is governed by the Constitution.

A copy of the Constitution can be requested from AUFM or obtained from ASIC's registers at www.connectonline.asic.gov.au.

8.2 Withdrawal from AUHPT

As AUHPT is an unlisted registered managed investment scheme under the Corporations Act, there is no liquid market for the trading of Units. Instead, Unitholders can make a Withdrawal request in respect of their Units with AUFM in accordance with the Withdrawal provisions of the Constitution.

(a) While AUHPT is Liquid

While AUHPT is Liquid, Unitholders may Withdraw some or all of their Units by making a Withdrawal request with AUFM.

According to the Continuous Disclosure Notice dated 6 January 2021 published by AUFM in relation to AUHPT, while AUHPT is Liquid, the Constitution allows up to 365 days to meet Withdrawal requests for Units. Furthermore, if AUFM is of the view that it cannot sell AUHPT property within 365 days to meet Withdrawal requests, AUHPT will become illiquid and Withdrawals will be suspended. If this occurs, Unitholders can only Withdraw when AUFM makes a Withdrawal offer available for acceptance in accordance with the Constitution and applicable law.

Wholesale Units and Retail Units

Withdrawals for Wholesale Units or Retail Units are paid quarterly.

The maximum total amount available for Withdrawals each quarter is 2.5% of the net asset value of the relevant class of Units on issue (although AUFM has the discretion to alter this amount). If this amount is exceeded, Withdrawals may be met on a pro rata basis.

Where a pro rata payment occurs, Unitholders will need to reapply in a subsequent Withdrawal period if they wish to Withdraw any further Units.

A Withdrawal request for Wholesale Units or Retail Units must be received by AUFM by 3:00 pm at AUFM's Melbourne office on or before the quarter end date (being 28 February, 28 May, 28 August and 28 November or the next business day if that date is a non-business day) to receive the Withdrawal Price as at the cut-off date. Otherwise, the Withdrawal request will be processed in the following quarter.

Class A Units

Withdrawals for Class A Units are paid monthly. Monthly Withdrawals will be met from the cash reserves held specifically for Class A Units.

However, if the demand for Withdrawals for Class A Units exceed the amount of cash reserve held for Class A Units, Withdrawals will instead be met on a quarterly basis and will be subject to a quarterly limit of 2.5% of the net asset value of Class A Units (although AUFM has the discretion to alter this amount). If this amount is exceeded, Withdrawals may be met on a pro rata basis.

Where a pro rata payment occurs, Unitholders will need to reapply in a subsequent Withdrawal period if they wish to Withdraw any further amount.

Quarterly Withdrawals will be met from AUHPT's general cash holding.

A Withdrawal request for Class A Units must be received by AUFM by 3:00 pm at AUFM's Melbourne office on or before the 28th of the month (or the next business day if that date is a non-business day) to receive the Withdrawal Price as at the cut-off date. Otherwise, the Withdrawal request will be processed in the following month.

8.2 Withdrawal from AUHPT (continued)

(b) While AUHPT is not Liquid

While AUHPT is not Liquid, Unitholders may not Withdraw from AUHPT unless AUFM makes a Withdrawal offer available for acceptance in accordance with the Constitution and applicable law.

If a Withdrawal offer is open for acceptance by AUFM, Unitholders can Withdraw from AUHPT in accordance with the terms of that Withdrawal offer.

There are limitations that may apply on aggregate Withdrawals that can be made in any period. A summary of the relevant limitations are contained in AUHPT's annual reports and continuous disclosure notices that can be accessed at the AUHPT Website.

8.3 FIRB

On 26 May 2021, the Treasurer of Australia determined pursuant to the FIRB Act that the Commonwealth of Australia has no objection to NorthWest Trust acquiring all of the Units.

That approval was granted subject to the following conditions:

- (a) **(tax conditions)** standard tax-related conditions applying to all FIRB approvals which are in the form, or substantially in the form, of those set out in Attachment B of FIRB Guidance Note 47 on 'Tax Conditions' (in the form released on 13 August 2018);
- (b) **(board and governance conditions)** certain board and governance conditions requiring that, within four months of the Trust Scheme being approved and implemented, the board of the directors of the wholly owned subsidiary of NorthWest REIT appointed to replace AUFM as responsible entity of AUHPT comprise:
 - (i) at least 50% of directors who are normally resident in Australia; and
 - (ii) at least two independent directors (as determined in accordance with the rules of a stock exchange operated in the country in which that entity is established);
- (c) **(access conditions)** certain access conditions restricting the Consortium Members and their related bodies corporate and their representatives from accessing non-public areas of each AUHPT property unless such access is required for a legitimate business requirement (which includes emergency access provisions of an applicable lease); and
- (d) **(independent audit conditions)** certain independent audit conditions requiring the Consortium Members to:
 - (i) notify FIRB once NorthWest Trust acquires the Units;
 - (ii) notify FIRB if NorthWest Trust ceases to own the Units, or ceases to control (within the meaning given by the FIRB Act) AUHPT or the business of AUHPT; and
 - (iii) provide FIRB with a report by an independent audit firm on NorthWest Trust's (and the Consortiums Members', where applicable) compliance with the board and governance conditions described in section 8.3(b), the access conditions described in section 8.3(c) and the independent audit conditions described in sections 8.3(d)(i) and 8.3(d)(ii) on an annual basis,

in each case, following the Trust Scheme being approved and implemented.

8.4 AUHPT's status as an AMIT

AUHPT has made an election to be an AMIT for taxation purposes. It is considered that AUHPT should continue to satisfy the eligibility requirements for being an AMIT in the event that NorthWest exercises its call option or the Relevant Unitholders exercise their put option and/or the Trust Scheme is approved and implemented.

For further information on NorthWest's interest in AUHPT, see section 6.7.

8.5 Sanction restrictions

There are Australian sanction laws which restrict payments to certain designated persons, entities and citizens of countries outside Australia, including the *Australian Autonomous Sanctions Regulations 2011* (Cth) and the *Charter of the United Nations Act 1945* (Cth) and related regulations. These sanction laws may prevent NorthWest making payments to certain Unitholders. For information on designated persons or entities, refer to the Department of Foreign Affairs and Trade's website at www.dfat.gov.au/un/unsc_sanctions.

8.6 Consents to be named

The Independent Expert has given and has not, before the date of this Trust Scheme Booklet, withdrawn its consent to the inclusion of the Independent Expert's Report in Annexure A and to the references to the Independent Expert's Report in this Trust Scheme Booklet being made in the form and context in which each such reference is included in this Trust Scheme Booklet.

As at the date of this Trust Scheme Booklet, each of NorthWest, NorthWest Trust and the Consortium Members has given its consent, and has not withdrawn that consent, to the inclusion of the NorthWest Information in this Trust Scheme Booklet, including the form and context in which each such reference is included in the Trust Scheme Booklet.

The following persons have given, and have not, before the date of this Trust Scheme Booklet, withdrawn their consent to be named in this Trust Scheme Booklet in the form and the context in which they are named:

- (a) Ashurst as NorthWest's legal adviser;
- (b) Goldman Sachs Australia Pty Ltd as NorthWest's financial adviser; and
- (c) Computershare Investor Services Pty Limited as the registrar and the Paying Agent.

Other than as specifically outlined above, each party referred to in this section 8.6 has not caused or authorised the issue of this Trust Scheme Booklet and does not make or purport to make any statement in this Trust Scheme Booklet or any statement on which a statement is based, and takes no responsibility for any part of this Trust Scheme Booklet other than any reference to its name.

8.7 Supplementary information

NorthWest will issue a supplementary document to this Trust Scheme Booklet if it becomes aware of any of the following between the date of despatch of this Trust Scheme Booklet and the date of the AUHPT Meeting:

- (a) a material statement in this Trust Scheme Booklet is false or misleading;
- (b) there is a material omission from this Trust Scheme Booklet;
- (c) there is a significant change affecting a matter in this Trust Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Trust Scheme Booklet if known about at the date of despatch to Unitholders.

Depending on the nature and the timing of the changed circumstances and subject to obtaining any relevant approvals, NorthWest may circulate and publish any supplementary document by:

- (a) placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;
- (b) including the supplementary document on the Proposal website at www.northwestproposal.com.au; or
- (c) posting the supplementary document to all Unitholders.

8.8 Privacy

NorthWest has collected information from the Register for the purpose of issuing this Trust Scheme Booklet. The Corporations Act requires the name and address of Unitholders to be held in a register of members which may be inspected by any person.

NorthWest may collect additional personal information in the process of implementing the Trust Scheme. The type of information that it may collect about you includes your name, contact details and information on your unitholding in AUHPT and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the AUHPT Meeting, as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist NorthWest to conduct the AUHPT Meeting and implement the Trust Scheme. Without this information, NorthWest may be hindered in its ability to issue this Trust Scheme Booklet and implement the Trust Scheme. Personal information of the type described above may be disclosed to Computershare, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the AUHPT Meeting), authorised securities brokers, professional advisers, related bodies corporate of NorthWest, Government Agencies, and also where disclosure is otherwise required or allowed by law.

Unitholders who are individuals and the other individuals in respect of whom personal information is collected is outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of information about you held by NorthWest, please contact the Unitholder Information Line on 1300 034 132 (within Australia) or +61 3 9415 4677 (outside Australia) from Monday to Friday between 9:00 am to 5:00 pm (Melbourne time), email northwesthealthcare@georgeson.com or visit the Proposal website at www.northwestproposal.com.au.

Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the AUHPT Meeting should ensure that they inform that person of the matters relating to the collection and use of personal information outlined above.

8.9

Other material information

Within the knowledge of NorthWest as at the date of this Trust Scheme Booklet, there is no other information about AUHPT or the Trust Scheme that is material to a decision by a Unitholder on how to vote on the Transfer Resolution in relation to the Trust Scheme and which:

- (a) is not set out or referred to in this Trust Scheme Booklet; or
- (b) has not otherwise been made available publicly by AUHPT.

Glossary



Definitions

In this Trust Scheme Booklet unless the context otherwise requires:

30 June Distribution means a distribution of income to be paid by AUFM to a Unitholder in the ordinary course in respect of any Units held by that Unitholder for the Distribution Period commencing on 1 April 2021 and ending on 30 June 2021.

A-REIT means an Australian real estate investment trust.

Adverse Event means:

(a) AUHPT (acting through AUFM):

- (i) issues Units or grants an option over its Units, or agrees to make such an issue or grant such an option; or
- (ii) issues, or agrees to issue, convertible notes or any other security or instrument convertible into Units;

(b) an AUHPT Group Member:

- (i) issues securities or grants an option over its securities, or agrees to make such an issue or grant such an option; or
- (ii) issues, or agrees to issue, convertible notes or any other security or instrument convertible into securities,

in each case to an entity or person that is not AUHPT or an AUHPT Group Member that is wholly owned by AUHPT;

(c) AUHPT (acting through AUFM) resolves to pay or pays a distribution, other than an income entitlement payable for a Distribution Period calculated in accordance with the Constitution and payable in the ordinary course;

(d) AUHPT (acting through AUFM) or an AUHPT Group Member creates, or agrees to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the business or property of AUHPT;

(e) AUHPT (acting through AUFM) or an AUHPT Group Member disposes or agrees to dispose of part of its business or property representing more than 10% of its gross assets as at 31 December 2020;

(f) as a result of a revaluation of any of the AUHPT properties, the valuation of all AUHPT properties is reduced to 92.5% or less of the aggregate gross asset value of all AUHPT properties as at 31 December 2020;

(g) any Third Party acquiring, or having the right to acquire, the right to directly or indirectly receive fees in respect of AUHPT or Units for the management of AUHPT's business or assets or the business or assets of AUHPT, whether pursuant to a management agreement, joint venture, transfer of ownership in AUFM or an AUHPT Group Member or otherwise;

(h) an event, occurrence or circumstance occurs or becomes known to NorthWest after Friday, 28 May 2021 which results in, or is reasonably likely to result in (whether individually or when aggregated with any other event, occurrence or circumstance that occurs or becomes known to NorthWest after Friday, 28 May 2021):

- (i) a diminution in the NTA of AUHPT by at least \$135 million; or
- (ii) a diminution in profit before finance costs attributable to Unitholders for any financial period following 31 December 2020 of at least \$7 million;

(i) an insolvency event occurs in relation to any AUHPT Group Member; or

(j) the Constitution is amended, replaced or repealed.

AFSL means an Australian financial services licence.

AMIT means an attribution managed investment trust.

ASIC means the Australian Securities and Investments Commission.

ATO means the Australian Taxation Office.

AUFM Board means the board of directors of AUFM as at the date of this Trust Scheme Booklet.

AUFM Directors means Mr Rohan Mead, Mr Darren Mann and Ms Esther Kerr-Smith.

AUHPT means Australian Unity Healthcare Property Trust (ARSN 092 755 318).

AUHPT Director means a director on the Board as at the date of this Trust Scheme Booklet.

AUHPT Group means AUHPT and each of its controlled entities and **AUHPT Group Member** means any one of them.

AUHPT Information means the information in this Trust Scheme Booklet relating to AUHPT that is sourced from information publicly disclosed by Australian Unity Funds Management Limited (ACN 071 497 115) (including information in this Trust Scheme Booklet footnoted as being sourced from such information).

AUHPT Meeting means the meeting of Unitholders to approve the Transfer Resolution which is to be held at 10:00 am (Melbourne time) on Thursday, 1 July 2021 at Grand Hyatt, 123 Collins Street, Melbourne, the notice for which is set out in Annexure B.

AUHPT Website means:

(a) in respect of Wholesale Units, www.australianunity.com.au/wealth/investment-options/property/healthcare;

(b) in respect of Retail Units, www.australianunity.com.au/wealth/investment-options/property/healthcare-property-trust-retail; and

(c) in respect of Class A Units, www.australianunity.com.au/wealth/investment-options/property/healthcare-property-trust-class-a.

Australian Unity means Australian Unity Limited (ACN 087 648 888).

Australian Unity Group means Australian Unity and each of its controlled entities and **Australian Unity Group Member** means any one of them.

Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in both Melbourne, Victoria and Sydney, New South Wales.

Cash Price means:

(a) \$2.55 per Wholesale Unit;

(b) \$2.61 per Retail Unit; and

(c) \$1.62 per Class A Unit.

CGT means capital gains taxation.

Chair means:

(a) in respect of NorthWest REIT, Paul Dalla Lana; and

(b) in respect of the AUHPT Meeting, the Unitholder elected by the Unitholders present at the AUHPT Meeting to chair the AUHPT Meeting pursuant to section 252S of the Corporations Act.

Class A Unit has the meaning given by the Constitution.

Competing Proposal means any proposal, agreement, arrangement or transaction which, if entered into or completed, would mean a Third Party (either alone or together with any associate) would:

(a) acquire Control of AUHPT;

(b) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of AUHPT's business or assets or the business or assets of AUHPT; or

(c) otherwise directly or indirectly acquire or merge or be stapled with AUHPT.

Computershare means Computershare Investor Services Pty Limited (ACN 078 279 277).

Definitions

In this Trust Scheme Booklet unless the context otherwise requires:

Consortium means the consortium comprising comprising NorthWest and Salveo Trust and **Consortium Member** means any or each of such persons.

Constitution means the deed poll dated 17 June 1998 establishing AUHPT, as amended from time to time.

Control has the meaning given by section 50AA of the Corporations Act.

Convening Unitholder means NorthWest in its own right and under power of attorney given by the Relevant Unitholders (pending registration of a transfer of Units to NorthWest).

Corporations Act means the *Corporations Act 2001* (Cth) as modified in respect of the Trust Scheme.

Deed Poll means the deed poll dated 28 May 2021 executed by NorthWest and NorthWest Trust under which they covenant in favour of the Participants to, amongst other things, perform their obligations in connection with the Trust Scheme, the form of which is set out in Annexure D.

Distribution Period has the meaning given by the Constitution.

Effective means the coming into effect of the Supplemental Deed pursuant to subsection 601GC(2) of the Corporations Act.

Effective Date means the date on which the Trust Scheme becomes Effective.

FIRB means the Foreign Investment Review Board.

FIRB Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Final Proposal means the unsolicited, confidential, non-binding and indicative proposal received by AUFM from NorthWest REIT and its related bodies corporate on 24 May 2021 which revised the Revised Proposal.

FY means financial year.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including ASIC and any self-regulatory organisation established under statute.

GST means a goods and services taxation or similar value added taxation levied or imposed under the GST Law.

GST Law has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Hume means Hume Partners Pty Ltd (ACN 167 864 511) and the Relevant Unitholders.

Implementation Date means the date that the Trust Scheme is implemented, being the date that is ten Business Days after the Record Date, or such later date determined by NorthWest and notified to Unitholders (currently expected to be Monday, 19 July 2021).

Independent Expert means Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987).

Independent Expert's Report means the report prepared by the Independent Expert for inclusion in this Trust Scheme Booklet, a copy of which is set out in Annexure A.

Initial Proposal means the unsolicited, confidential, non-binding and indicative proposal received by AUFM from NorthWest REIT and its related bodies corporate on 17 February 2021.

Interim Financial Report means AUHPT's interim financial report for the half-year ended 31 December 2020 lodged with ASIC on 4 March 2021.

Liquid has the meaning given by Part 5C.6 of Chapter 5C of the Corporations Act.

Lodgement Date means 10:00 am (Melbourne time) on Friday, 2 July 2021, being the time and date on which AUFM must lodge the lodge the Supplemental Deed with ASIC for the purpose of facilitating the Trust Scheme.

NAV means net asset value (being total assets less total liabilities).

NLA means net lettable area (being the total lettable floor area less common areas, in square metres).

NorthWest means NorthWest Healthcare Australia RE Limited (ACN 612 310 148).

NorthWest Board means the board of directors of NorthWest as at the date of this Trust Scheme Booklet.

NorthWest Director means a director on the NorthWest Board as at the date of this Trust Scheme Booklet.

NorthWest Hold Trust means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NWH Australia Hold Trust No.2 (ABN 30 509 426 887).

NorthWest Information means the information contained in this Trust Scheme Booklet, other than the AUFM Information and the Independent Expert's Report.

NorthWest REIT means NorthWest Healthcare Properties Real Estate Investment Trust.

NorthWest Trust means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NorthWest Australia Hospital Investment No.2 Bid Trust.

Notice of Meeting means the notice of the AUHPT Meeting as set out in Annexure B.

NTA means net tangible assets (being NAV less intangible assets).

Participant means a Unitholder who is registered in the Register as a holder of a Unit as at the Record Date.

Paying Agent means Computershare Investor Services Pty Limited (ACN 078 279 277) as operator of the Scheme Trust Account.

Previous Proposals means the Initial Proposal, the Revised Proposal and the Final Proposal.

Pro Rata Distribution means a distribution of income to be paid for the period commencing on 1 July 2021 and ending on the Implementation Date.

Proposal means the proposal for NorthWest Trust to acquire all of the Units that it does not already hold for \$2.55 cash per Wholesale Unit, \$2.61 cash per Retail Unit and \$1.62 cash per Class A Unit by way of a trust scheme amendment to the Constitution.

Proxy Form means the form accompanying this Trust Scheme Booklet which provides for Unitholders to give voting instructions and appoint proxies for the AUHPT Meeting.

Record Date means 7:00 pm (Melbourne time) on Monday, 5 July 2021, or such later date determined by NorthWest and notified to Unitholders.

Register means the register of Unitholders maintained by or on behalf of AUHPT in accordance with section 168 of the Corporations Act.

REIT means a real estate investment trust.

Relevant Unitholders means each of the following Unitholders:

(a) AKW Holdings Pty Ltd (ACN 168 892 117) in its capacity as trustee of Keala Investment Trust;

(b) Beddison Corporation Pty Ltd (ACN 006 357 240) in its capacity as trustee for the Beddison International Unit Trust;

(c) Bertalli Family Foundation Pty Ltd (ACN 005 551 477) in its capacity as trustee for the Bertalli Family Foundation;

(d) Candace Co Pty Ltd (ACN 101 882 820);

(e) Constellate Capital Pty Ltd (ACN 604 991 237) in its capacity as trustee for the Constellate Trust;

Definitions

In this Trust Scheme Booklet unless the context otherwise requires:

(f) Fleswick Pty Ltd (ACN 052 430 289) in its capacity as trustee for the S&C Davies Superfund;

(g) Grantully Investments Pty Ltd (ACN 151 100 444);

(h) I V McMichael & K Lally as trustees for the Craigard Employees Super Fund;

(i) Kaela Super Pty Ltd (ACN 607 713 548) in its capacity as trustee for Kaela Super Fund;

(j) Kirsty Lally as trustee for the Kirsty Lally Trust;

(k) Rainspark Investments No 3 Pty Ltd (ACN 640 853 541) as trustee for Rainspark Investments No. 3 Trust;

(l) Ross Burney & Skye Burney as trustees for Grantully Superannuation Fund;

(m) S.I.J. Nominees Pty Ltd (ACN 608 312 750);

(n) Sacred Wolf Pty Ltd (ACN 604 225 130) in its capacity as trustee for the Sacred Wolf Superannuation Fund;

(o) Scanlon Capital No. 10 Pty Ltd (ACN 602 741 202);

(p) Sophie Nicole Duggan;

(q) Stoneyville Pty. Ltd. (ACN 080 876 197) in its capacity as trustee for the Peter Scanlon Family Superannuation Fund;

(r) Taverners J Pty Ltd (ACN 133 104 819) in its capacity as trustee for the Scanlon Foundation RC Unit Trust;

(s) Taverners N Pty Ltd (ACN 140 170 190);

(t) Taverners No. 11 Pty Ltd (ACN 097 971 572) in its capacity as trustee for Stoneyville Investments Unit Trust;

(u) Tilana Investments 1 Pty Ltd (ACN 604 322 652); and

(v) Tony Beddison Holdings Pty Ltd (ACN 169 432 884).

Retail Unit has the meaning given by the Constitution.

Revised Proposal means the unsolicited, confidential, non-binding and indicative proposal received by AUFM from NorthWest on 12 March 2021 which revised the Initial Proposal.

Salveo Trust means Salveo Trust (ABN 74 973 461 597).

Scheme Trust Account means an Australian dollar denominated trust account in the name of the Paying Agent

Superior Proposal means a bona fide written Competing Proposal that is publicly announced or received by AUFM that:

(a) is reasonably capable of being valued and completed; and

(b) would, if completed substantially in accordance with its terms, be more favourable to Unitholders than the Proposal,

taking into account all of the aspects of the Competing Proposal, including timing considerations, financing, conditions and any other matters relevant to the Competing Proposal being contemplated (including the identity, expertise, reputation, and financial condition of the person making such proposal and legal, regulatory, and financial matters).

Supplemental Deed means a deed poll pursuant to which AUFM will modify the Constitution for the purpose of facilitating the Trust Scheme, a copy of which is set out in Annexure C.

Third Party means any person other than a Consortium Member or a consortium, partnership, limited partnership, syndicate, trust, or other group in which no Consortium Member has agreed to be a participant.

Transfer Resolution means the resolution to be considered at the AUHPT Meeting as set out in the Notice of Meeting in Annexure B.

Trust Scheme means the arrangement under which NorthWest Trust acquires all of the Units it does not already hold that is facilitated by amendments to the Constitution as set out in the Transfer Resolution being approved by the required majority of Unitholders.

Trust Scheme Booklet means this explanatory memorandum, including the annexures to it.

Undisturbed Withdrawal Price means the following Withdrawal Prices (ex distribution) as shown on the AUHPT Website on 16 February 2021, being the day prior to submission of the Initial Proposal:

(a) \$1.96 per Wholesale Unit;

(b) \$2.01 per Retail Unit; and

(c) \$1.26 per Class A Unit.

Unit means the following classes of units on issue in AUHPT:

(a) a Retail Unit;

(b) a Wholesale Unit; and

(c) a Class A Unit.

Unitholder means each person who is registered in the Register as the holder of a Unit.

WVAP means volume-weighted average price (being the ratio of securities traded to the total volume of securities traded over a particular time frame).

WACR means weighted average capitalisation rate.

WALE means weighted average lease expiry.

Wholesale Unit has the meaning given by the Constitution.

Withdrawal means withdrawal of some or all of the Units held by a Unitholder in accordance with the provisions of the Constitution and summarised in section 8.2 of the Trust Scheme Booklet.

Withdrawal Price means the Withdrawal Price of Units for the purposes of a request by a Unitholder for the Withdrawal of some or all of the Units calculated in accordance with the provisions of the Constitution.

Withdrawal Price of Units has the meaning given by the Constitution.

Independent Expert's Report





Australian Unity Healthcare Property Trust

Independent Expert's Report and Financial Services Guide

27 May 2021



Directors
 NorthWest Healthcare Properties Australia RE Limited as
 Trustee for NorthWest Australia Hospital Investment No.2
 Bid Trust
 Level 45, 525 Collins Street, Melbourne VIC 3000

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 Pty Ltd**
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27 May 2021

Dear Directors

Introduction

Australian Unity Healthcare Property Trust ("AUHPT" or "the Trust") is a real estate investment trust ("REIT") domiciled in Australia that invests in a diversified portfolio of healthcare properties and related assets. AUHPT had gross asset value ("GAV") of A\$2.48 billion as at 31 March 2021 spanning across 66 properties with a weighted average lease expiry ("WALE") of 15.7 years and 98.3% occupancy¹. As at 31 March 2021, hospitals represent c. 60% of GAV, with medical centres at c. 30%, aged care at c. 8% and development sites at c. 2%². Australian Unity Funds Management Limited ("RE" or "AUFM") is the responsible entity for the Trust.

The Trust has three separate classes of units on issue ("Units"), being c. 657 million Wholesale Units, c. 87 million Retail Units and c. 178 million Class A Units for a total of c. 922 million Units estimated on issue on or around the date of this report³. The different classes of Units have the

¹ All KPIs sourced from the Fund Update as at 31 March 2021.

² This only refers to the development opportunities for which land has been bought or cost incurred.

³ We note that the allocation of the Units among the different classes is estimated from publicly available information as this information has not been recently disclosed by AUHPT. The estimate is based on the Interim Report as at 31 December 2020 and the unitholders register of the Trust dated 24 February 2021 and other publicly available information.

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same voting rights, however the Class A Units offer a greater level of liquidity⁴. Refer to section 4.4.4 for details.

NorthWest Healthcare Properties Real Estate Investment Trust ("NorthWest REIT") is a dedicated healthcare real estate investor and manager that owns and manages c. A\$8 billion⁵ portfolio of medical office, clinics and hospital properties located in Canada, Brazil, Germany, the Netherlands, England and Australia / New Zealand. It is listed on the Toronto Stock Exchange with a market capitalisation of c. A\$2.72⁶ billion. In Australia and New Zealand, NorthWest REIT has A\$4.5 billion of assets under management, including an Australian joint venture that is managed by NorthWest Healthcare Australia RE Limited (together with NorthWest REIT referred to as "NorthWest").

NorthWest has recently submitted the following proposals to acquire 100% of the Units in AUHPT via a trust scheme (refer to section 1 for details):

- On 17 February 2021 it submitted a non-binding and indicative proposal ("Indicative Proposal") to acquire all the Units for a cash consideration⁷ of A\$2.20 per Wholesale Unit, A\$2.25 per Retail Unit and A\$1.42 per A Class Unit.
- On 12 March 2021, it submitted a revised indicative proposal ("Revised Indicative Proposal") to acquire all the Units for a cash consideration of A\$2.35 per Wholesale Unit, A\$2.41 per Retail Unit and A\$1.51 per A Class Unit on an ex-distribution basis⁸. The Revised Indicative Proposal reflected, amongst other things, the positive impact resulting from the February 2021 independent property revaluations undertaken by AUHPT post receipt of NorthWest's Indicative Proposal.
- On 24 May 2021, NorthWest submitted a further increased proposal ("Further Increased Proposal") to acquire all the Units for a cash consideration of A\$2.55 per Wholesale Unit, A\$2.61 per Retail Unit and A\$1.62 per A Class Unit on an ex-distribution basis⁹ ("Cash Price"), subject to recommendation from AUFM.

NorthWest currently holds a relevant interest in c. 16.2% of the value of the Units on issue¹⁰.

Following the refusal of AUFM to enter into discussions with NorthWest in relation to the Further Increased Proposal, as a substantial unitholder of AUHPT, NorthWest has convened a Unitholders' meeting of AUHPT to present a binding proposal ("Proposed Transaction") for the acquisition of 100% of the units of AUHPT for the Cash Price to be implemented as the trust scheme ("Trust Scheme").

The voting majority required to approve the implementation of the Trust Scheme is by at least 75% of the value of the Units voted on the resolution by Unitholders voting and entitled to vote.

⁴ Ability to exit the investment on a monthly basis rather than on a quarterly basis subject to in both cases to pre-established caps.

⁵ C\$7.7 billion and converted into Australian dollars using an exchange rate of AUD:CND of 1.00:0.95.

⁶ As at 11 May 2021 and based on an exchange rate of AUD:CND of 1.00:0.95.

⁷ Under the Indicative Proposal, the price for AUHPT units will not be reduced by distributions of income that AUHPT unitholders become entitled to or receive in the ordinary course which can be funded from AUHPT's free cash flow.

⁸ Or A\$2.40 per Wholesale Unit, A\$2.47 per Retail Unit and A\$1.52 per A Class Unit on a cum-distribution basis.

⁹ For the avoidance of doubt, the Cash Price will not be reduced by the June 2021 distributions to be paid for each of the Unit classes. However, the Cash Price will be reduced by the value of any special dividends that may be declared by AUHPT.

¹⁰ Arising from 43,793,046 Wholesale Units held directly by NorthWest and pursuant to put and call options over 95,919,374 Wholesale Units representing 11.1% of the value of the Units on issue.



Purpose of the report

Whilst there is not a legal requirement for the commissioning of an Independent Expert's Report ("IER" or "Report") in relation to the Proposed Transaction and as far NorthWest is aware, the AUFM Board has not undertaken an independent assessment of the various proposals, NorthWest has appointed Grant Thornton Corporate Finance to prepare an IER to assist the Unitholders of AUHPT in considering the merits of the Proposed Transaction. When preparing this Report, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112").

We note that this Report has only been prepared based on publicly available information without being able to access the Management or the directors of AUFM or AUHPT. Whilst this is atypical for the preparation of an IER, we do not consider that this places undue limitations on the scope of work or the analysis required for us to form an opinion in relation to the Proposed Transaction.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Trust Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of AUHPT Unitholders.

Fairness Assessment of the Trust Scheme

In forming our opinion in relation to the fairness of the Trust Scheme, Grant Thornton Corporate Finance has compared the fair market value of AUHPT Wholesale, Retail and Class A Units with the Cash Price for Wholesale, Retail and Class A Units. We note that we have undertaken our comparison on an ex-distribution basis. A summary of our assessment is set out in the table below.

Fairness assessment	Section Reference	Low	High
A\$ per unit			
Fair market value of AUHPT Wholesale Units	6.1	2.31	2.49
Cash Price per Wholesale Units (ex-distribution)	1.1	2.55	2.55
Premium/(discount)		0.24	0.06
Premium/(discount) (%)		10.6%	2.3%
FAIRNESS ASSESSMENT		FAIR	
Fair market value of AUHPT Retail Units	6.1	2.36	2.55
Cash Price per Retail Units (ex-distribution)	1.1	2.61	2.61
Premium/(discount)		0.25	0.06
Premium/(discount) (%)		10.8%	2.5%
FAIRNESS ASSESSMENT		FAIR	
Fair market value of AUHPT Class A Units	6.1	1.46	1.58
Cash Price per Class A Units (ex-distribution)	1.1	1.62	1.62
Premium/(discount)		0.16	0.04
Premium/(discount) (%)		10.6%	2.3%
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis

The Cash Price for the various type of Units is slightly above the high-end of our valuation range for each type of Units. Accordingly, we conclude that the Trust Scheme is **FAIR** to AUHPT Unitholders.



Net assets approach

REITs are commonly valued by reference to their underlying net asset values. For such entities, investment properties are generally carried on the balance sheet at market value and the appropriate valuation methodology is to aggregate the market value of the individual properties and apply, where appropriate a portfolio premium.

We note that AUHPT has revalued between February 2021 and April 2021 c. 86%¹¹ of the properties by book value and accordingly the valuation assessment reflected in the Adjusted Pro-Forma NTA¹² takes into account the current market conditions and capitalisation rates. We note that as a result of the updated property valuations, the Weighted Average Capitalisation Rate ("WACR") across the portfolio has reduced from 5.35% as at 31 December 2020 to 5.17%¹³ as at 30 April 2021. Particularly noticeable is the compression in the capitalisation rate for the hospitals which now stands at 4.82%¹⁴.

Grant Thornton Corporate Finance has also been provided access on a non-reliance basis to the independent, third-party valuation of the AUHPT property portfolio commissioned by NorthWest. The assessment was performed by an independent valuer ("Independent Valuer") on a desktop basis and only having regard to information available in the public domain. The properties have been assessed on a standalone individual basis as at 27 April 2021 and without considering the value in the context of an aggregated portfolio.

The third party property valuations are substantially in line with the property values updated by AUHPT as at 30 April 2021 which accordingly we have adopted for the purpose of our valuation assessment.

We note that the AUHPT property portfolio provides scale and a unique footprint in the hospital and healthcare sector in Australia and exposure to beneficial macro trends as discussed in the industry section. It has scarcity value and it provides efficiencies (both time and costs) and risk mitigation that would not otherwise be available through ownership of an individual property and, as a result, a market participant may be willing to pay a premium for a portfolio of assets when compared to the aggregate market value of the same assets on a standalone basis. Whilst the assessment of the portfolio premium¹⁵ is subjective, in our assessment we have considered both quantitative and qualitative factors.

From a quantitative perspective, we have analysed the portfolio premium applied in the valuation of listed REITs by independent experts in relation to change of control transactions occurred over the

¹¹ The properties revalued in February 2021, March 2021 and April 2021 and their latest independent valuations (as a proportion of the Portfolio value of A\$2,329.2 million) – February 2021 (20.1%) (No. of properties – 26, Market value of properties revalued A\$468 million); March 2021 (8.2%) (No. of properties – 8, Market value of properties revalued A\$190 million); April 2021 (57.8%) (No. of properties – 8, Market value of properties revalued is A\$1,346 million). Particularly for the February 2021 revaluations, AUHPT unitholders should note that some properties that were revalued in February 2021 were again revalued in April 2021 and they have therefore been considered in the April 2021 percentages only in order to avoid double counting them.

¹² Balance sheet as at 31 December 2020 adjusted for the updates to the property values undertaken in February, March and April 2021 and updates for the other assets and liabilities included in the Fund Update as at 31 March 2021 ("Adjusted Pro-Forma NTA").

¹³ Calculated as the weighted average of the various property types and the cap rates of these property types – Hospitals ex. STARS (Book value – A\$892 million, Cap rate – 5.02%); STARS (Book value – A\$526 million, Cap rate – 4.50%); MOBs (Book value – A\$679 million, Cap rate – 5.59%) and Aged Care (Book value – A\$169 million, Cap rate – 6.40%).

¹⁴ Calculated as the weighted average of the various property types and the cap rates of these property types – Hospitals ex. STARS (Book value – A\$892 million, Cap rate – 5.02%); STARS (Book value – A\$526 million, Cap rate – 4.50%).

¹⁵ We note that the portfolio premium refers to a premium applied to the underlying valuation of the properties to take into account specific attributes of the portfolio. The premium to net assets generally refers to the premium of the offer price compared with the latest reported net assets which may take into account, among other things, the bidder's view of the portfolio premium.



last 10 years or so. A portfolio premium has only been applied in limited instances and where it has been applied, it has ranged between 5% and 10%.

From a qualitative perspective, we have had regard to the following:

- There is limited latent value in the individual properties included in the Adjusted Pro-Forma NTA given that most of the valuations are current and undertaken between February and April 2021.
- NorthWest has confirmed that the acquisition of an unlisted REIT does not qualify for concessional landholder duty rates applicable to certain listed REITs in some jurisdictions. Accordingly the stamp duty savings by acquiring an unlisted REIT rather than assets directly are more limited compared with purchasing the same portfolio of assets by acquisition of a listed REIT.
- We have separately considered the synergies available to a pool of potential purchasers in our assessment of the corporate costs.
- AUHPT has recently disclosed a pipeline of development opportunities totalling A\$1.1 billion comprising A\$150 million brownfield expansions, A\$360 million of unidentified greenfield projects and other identified projects at different stages of development. Only the cost incurred to date for these projects is included in the Adjusted Pro-Forma NTA. Accordingly, for the purpose of assessing the portfolio premium, we have analysed whether or not there is material latent value attached to the development pipeline. We are of the opinion that outside the A\$150 million brownfield expansion, the upside potential for the balance of the development pipeline projects totalling c. A\$950 million is yet to be demonstrated and it presents significant risks and uncertainties due to the following:
 - At the time of the capital raising undertaken by the Trust in January 2020, AUHPT disclosed¹⁶ that it had a development pipeline of circa A\$675 million, including A\$390m for the Surgical, Treatment And Rehabilitation Service (STARS) in Herston. This property is now excluded from the pipeline projects and captured in the existing properties given that it reached practical completion at the end of 2020. On a like for like basis, the development pipeline has increased from A\$285 million¹⁷ in January 2020 to A\$1.1 billion circa 12 months later. Unidentified greenfield projects account for circa A\$360 million of development pipeline as at the date of this Report.
 - Sunshine Private Hospital (development capital of circa A\$100 million) is leased to Unitas Healthcare which does not appear to have hospital operation experience¹⁸. The development, which was expected to commence in April 2021, is also located in Melbourne's west where the demographic includes a relatively larger proportion of young families with lower take-up of private health insurance. This may create some challenges in obtaining the required commitments from health insurance funds and doctors for the development to be successful. Finally, we note that the site may be subject to

¹⁶ Media Release 20 January 2020.

¹⁷ Calculated as A\$675 million development pipeline less A\$390 million for STARS.

¹⁸ Unitas does not appear to currently operate hospitals, with Sunshine Private Hospital being the first, <https://www.unitas.com.au/>.



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overcapitalisation with A\$101.7 million in development costs only resulting in 69 beds and demolition/write-off of the existing day hospital and medical consulting asset¹⁹.

- Herston Private Hospital (development capital of circa A\$150 million) does not have committed tenants and Brisbane is a highly competitive market with one of the highest number of private beds per capita in Australia. We also note the development appears to have experienced significant delays from its initial delivery time frame when completion was initially targeted in 2020²⁰.
- Queensland Private Hospital (development capital of circa A\$200 million) is a mixed-use site in Logan, Queensland which AUHPT purchased through a put and call option in July 2020. The development is not directly co-located with the Logan Hospital and is separated by a four lane highway. There are also no committed tenants and significant potential for competitors in the area.
- The Matilda Private Hospital resides in a relatively crowded precinct in the Nepean area with strong competition from existing private facilities. The Healthscope run Nepean Private Hospital is currently co-located with the public Nepean Hospital and there is significant land for expansion surrounding the facility. In addition, the proposed operator, Matilda Health Care, does not appear to have hospital operation experience²¹.

Based on the above, we have applied to the valuation of the properties a portfolio premium between 10% and 15% (refer to section 6.1.4 for details).

In the assessment of the value of AUHPT based on the net assets approach, Grant Thornton has also undertaken other adjustments as outlined below:

- *Funds from operations ("FFO") to completion less distribution* – The balance sheet of AUHPT adopted as a starting point for our valuation assessment is dated 31 December 2020. This includes a distribution provision of A\$20.1 million. The Trust pays distributions on a quarterly basis and it has a consolidated history of distributing to unitholders substantially 100% of the FFO. As a result, we have not adjusted the balance sheet as at 31 December 2020 for the cash to be generated up to completion of the Proposed Transaction as this is assumed to be distributed to unitholders on a quarterly basis (ex-distribution valuation).
- *Corporate costs* – The valuation of the properties included in the net assets approach does not reflect the costs of management and administration of the Trust. We have estimated that the Trust incurs ongoing management costs of c. A\$20 - 21 million per annum based on the GAV as at 30 April 2021. However, we have considered that a pool of potential purchasers may be able to realise synergies and costs savings between 70% and 80% of the ongoing cost. The corporate costs post synergies have been capitalised at the WACR as at 30 April 2021.

Our valuation assessment of the fair market value of AUHPT is calculated in the table below:

¹⁹ 13th April 2021 investor conference. However, we note that the A\$101.7 million may refer to a larger footprint than necessary to accommodate 69 beds in order to take into account for future growth and expansion. This is unknown based on public available information.

²⁰ AUHPT Website, Redevelopment overview, Herston Quarter.

²¹ Matilda does not appear to currently operate hospitals, with two proposed operations opening in 2022 and 2023, <https://matildahealthcare.com.au/our-hospitals-3/>.



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Valuation assessment summary A\$ million unless stated otherwise	Section Reference	Low	High
Value range of AUHPT investment properties	6.1.2	2,329.2	2,329.2
Portfolio premium / (discount)	6.1.4	10%	15%
Value range of AUHPT investment properties and developments		2,562.2	2,678.6
Capitalised Corporate Overhead net of cost savings	6.1.5	(121.8)	(77.3)
Forecast FFO net of distributions	6.1.6	-	-
Pro-forma other net assets / (liabilities)	6.1.7	(460.3)	(460.3)
Value of AUHPT		1,980.1	2,141.0
Value per unit (A\$):			
Wholesale Units	6.1.8	2.31	2.49
Retail Units	6.1.8	2.36	2.55
Class A Units	6.1.8	1.46	1.58

Source: Management information, GTCF analysis

Whilst we have set out above the valuation assessment for the different Units and in our fairness assessment we have presented the metrics implied in the Cash Price for the various classes of Unitholders, for the purpose of our cross check assessment outlined below, we have only set out metrics in relation to the Wholesale Units as they represent majority (estimated at c. 76.5%) of the total value of AUHPT.

Premium / (discount) to net assets²²

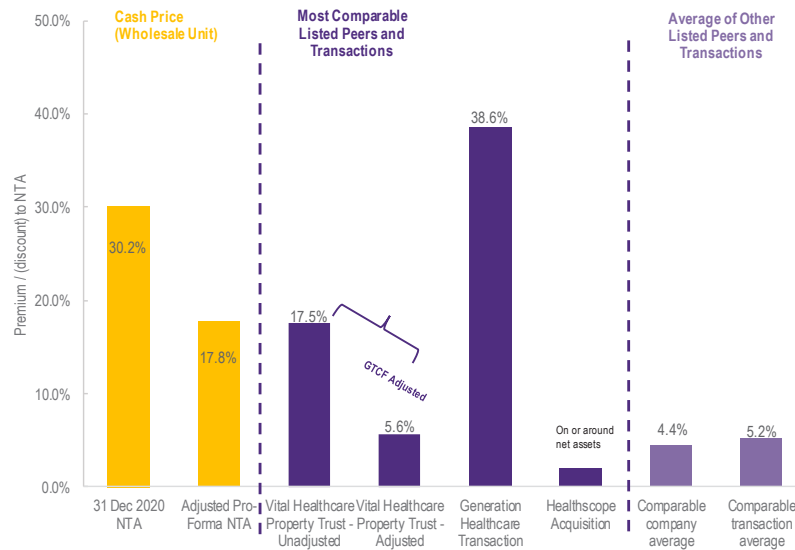
The Cash Price for Wholesale Units represents a premium of 30.2% over the net tangible assets as at 31 December 2020 and of 17.8% over the Adjusted Pro-Forma NTA. We have compared this premium with listed peers and comparable transactions to cross check the reasonableness of our fairness conclusion and of the Cash Price.

²² We note that the portfolio premium refers to a premium applied to the underlying valuation of the properties to take into account specific attributes of the portfolio. The premium to net assets generally refers to the premium of the offer price compared with the latest reported net assets which may take into account, among other things, the bidder's view of the portfolio premium.



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Premium to net asset comparison



Source: GTCF Analysis

In relation to the graph above, we note the following:

- We consider Vital Healthcare Property Trust (“VHP”) as the most comparable listed trust to AUHPT. VHP is currently trading at a premium to net assets of c. 17%²³ on a minority/portfolio basis which indicates that a potential purchaser seeking to acquire 100% of the issued capital of VHP may be required to pay a further premium on top of the trading prices. At a first glance, it may appear that the premium over net assets implied in the Cash Price may not be fully adequate for a change of control transaction, however, we note the following:
 - The majority of VHP’s independently valued properties are currently c. 11 months old²⁴ and during this period there has been a material compression of the WACR. There is significant latent value in VHP properties which is reflected in the premium of the current trading prices over the net assets as at 31 December 2020. Conversely, in case of AUHPT, independent valuations of the underlying properties have recently been updated with the capitalisation rates reducing materially.
 - The WACR of the properties of AUHPT has compressed significantly more than the WACR of VHP between 31 December 2019 and 31 December 2020 and then it has continued to compress further up to April 2021. As at 31 December 2019, VHP had a WACR of 5.52% and AUHPT had a WACR 6.00% whereas the WACR of AUHPT has reduced to 5.17% in April 2021 whilst the WACR of VHP was 5.33% in December 2020. The April 2021 WACR of AUHPT reflected in the Adjusted Pro-Forma NTA is lower than the WACR reflected in the December 2020 net assets of VHP notwithstanding that VHP owns a relatively larger proportion of hospitals in the portfolio (83% VHP vs. c. 60% AUHPT) which is a relatively

²³ Calculated as the 5-day VWAP of NZ\$2.99 as at 18 May 2021 compared with the NTA as at 31 December 2020 of NZ\$2.55. We have not considered the NTA of NZ\$2.63 provided by VHP in the Q3FY21 update released on 12 May 2021 as VHP has not undertaken a revaluation of the properties as at 31 March 2021 and therefore the NTA movement is largely driven by progress made on the existing developments as opposed to cap rate compression. For information purposes only, the premium to net tangible assets using the 5-day VWAP of NZ\$2.99 and the NTA reported in the Q3FY21 update would be c. 14%.

²⁴ NorthWest has advised that only 40% of Vital’s properties were revalued in December 2020.



lower risk asset class compared with medical centres and aged care. This confirms that the trading prices of VHP incorporate the market's expectations of a significant compression in the cap rates compared with the property values on the balance sheet as at 31 December 2020 which will result in a reduction of the premium to net tangible assets, all other things being the same, once the properties valuations are updated for the current market conditions.

- If the value of the net assets of VHP on the balance sheet as at 31 December 2020 is adjusted to reflect a WACR in line with AUHPT's properties as at 30 April 2021, all other things being the same, the premium to net assets of VHP will reduce from c. 17% to c. 6%.
- Whilst the development pipeline of the 2 trusts is similar in value (both committed and greenfield), the projects of VHP appear to have higher prospects and lower risk which accordingly would translate into a higher premium to net assets, all other things being the same.
- Among the comparable transactions, we consider the acquisitions of Generation Healthcare ("GHC Acquisition") in mid-2017 and of a portfolio of 11 Healthscope Hospitals ("Healthscope Hospital Portfolio Acquisition") in February 2019 both acquired by NorthWest as the most relevant transactions. The GHC Acquisition occurred at a large premium to net assets of c. 38.4%. We have again identified specific factors which explain the large premium paid over net assets of GHC which are not fully applicable to the valuation of AUHPT as outlined below:
 - The acquisition was announced in April 2017 shortly after the release of the half year accounts. Only c. 50% of the properties were valued in December 2016 with the balance valued between January and June 2016. Accordingly, there was material latent value on the balance sheet.
 - The development pipeline of GHC comprised four projects of which circa c. 70%²⁵ were expected to be completed within 12 months from the date of the acquisition with a spread between the capitalisation rate and the rentalisation yield between c. 200 bps to 300 bps²⁶ for the majority of the development pipeline. GHC's NTA did not reflect the large value of the pre-committed development projects in terms of the rentalisation spread and the fact that the full value was not included in the NTA until the project was 100% complete. Based on publicly available information, it appears that the risks were significantly lower and the upside potentially higher (relative to the size of the development pipeline) for the projects in the development pipeline of GHC compared with AUHPT.
 - The stamp-duty savings that a pool of potential purchasers will realise from purchasing a portfolio of assets from a listed REIT such as GHC are higher than the equivalent savings from acquiring the portfolio of assets of an unlisted REIT.
 - NorthWest, as the RE and manager of GHC, was able to realise some special value from the GHC Acquisition (savings on the termination fees and other payment due to the RE and

²⁵ Calculated as the value of the Frankston Private and Casey Private Hospitals divided by the total development pipeline of c. A\$110.3 million.

²⁶ Calculated as the difference between forecast income return of 8% to 8.75% and capitalisation rates of 5.75% to 6%.



manager in conjunction with a change of control) which were not available to a pool of potential purchasers.

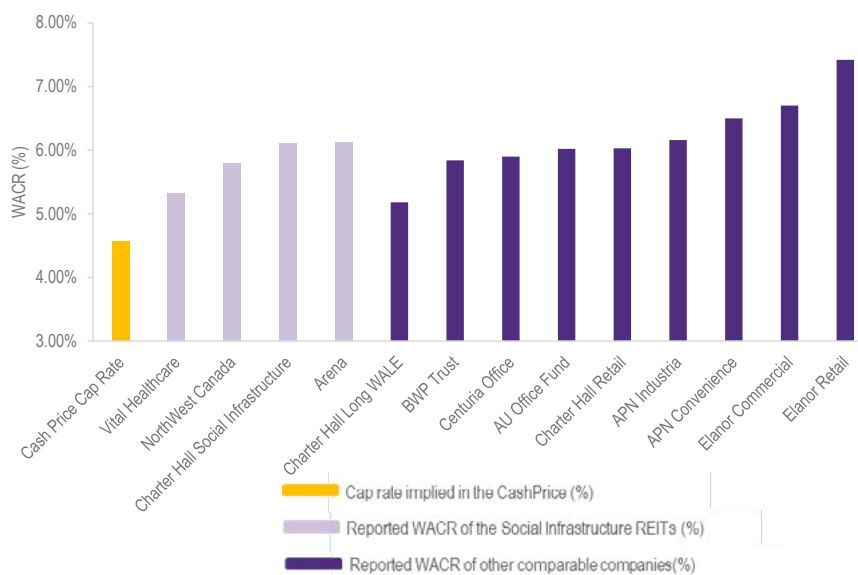
- The Healthscope Hospital Portfolio Acquisition is highly comparable as it is in relation to 11 freehold hospital property assets for A\$1.2 billion with a WACR of 5.0% and WALE of 20 years. Notwithstanding the large and strategic value of the portfolio, the significant brownfield development pipeline, the absolute quadruple net lease basis²⁷ and the low risk profile of the portfolio (100% hospitals), NorthWest has advised that this transaction occurred at a price substantially in line with an independent valuation assessment of the properties which were valued on an individual basis in January 2019²⁸ whereas the transaction was announced to the market in February 2019.
- The premium over net assets implied in the Cash Price is above the average premium of the other listed peers and transactions even if a number of them are not necessarily comparable.

Based on the above quantitative and qualitative analysis, we are of the opinion that the premium of the Cash Price over net assets as at 31 December 2020 and over the Adjusted Pro-Forma NTA is reasonable and reflects the strategic value of the properties.

Weighted Average Capitalisation Rate implied in the Cash Price

We have set out in the graph below, the WACR implied in the Cash Price of 4.57% in comparison with the WACR of listed peers. We note that the lower the WACR, the higher the relative value of the properties and hence of the Trust in comparison with the peers.

Cap rate implied in the Cash Price compared with WACR disclosed by comparable trusts



Source: GTCF Calculations

²⁷ The tenants are responsible for all property costs including maintenance capital expenditures, structural and water tightness.
²⁸ Before the transaction, the properties were owned by Healthscope and not valued as investment properties on the balance sheet.



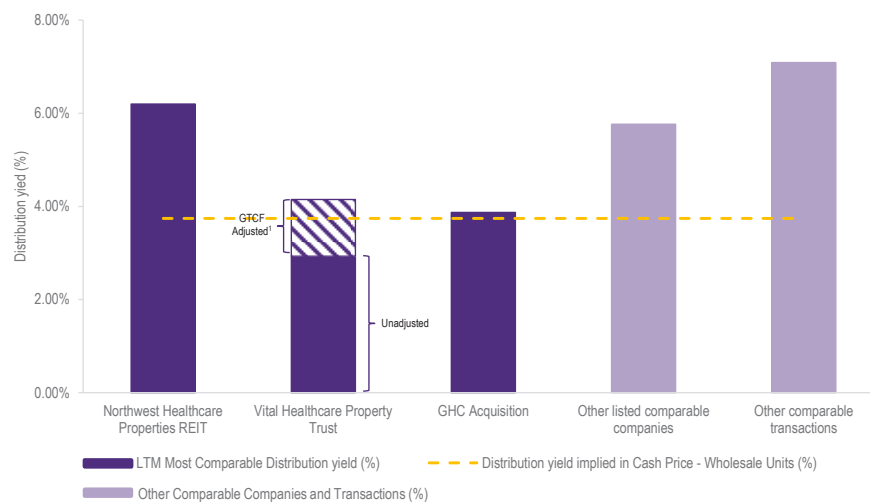
11

As set out in the graph above, the WACR implied in the Cash Price is the lowest²⁹ compared with the latest disclosed WACRs of listed peers which reflects the scarcity and strategic value of the properties and the unique footprint in the healthcare sector.

Distribution yield

We present in the graph below the distribution yields implied in the Cash Price of 3.74% compared with some selected listed peers and comparable trusts. We note that the lower the distribution yield, the higher the relative value of the Trust in comparison with the peers.

Distribution yield of the comparable companies and comparable transactions



Source: GTCF Calculations based on publicly available information

Note (1): Vital Healthcare Property Trusts distribution yield has been adjusted based on the updated FY21 distribution, a higher payout ratio of 100% to reflect AUHPT's higher payout ratio and an adjustment to reverse the impact of VHP's existing tax structure which reduces the distributions available to VHP unitholders. Refer to the body of the report to consider these changes.

The distribution yield and the WACR implied in the Cash Price are at the low-end³⁰ of the listed peers and comparable transactions. As set out in the graph above, the unadjusted distribution yield of VHP is lower than the distribution yield implied in the Cash Price, however this is due to the following:

- VHP has a relatively lower payout ratio of between 75% and 88%³¹ of FFO compared with circa 100%³² of FFO for AUHPT as VHP is partially using distribution retention to finance its development pipeline.
- VHP has a tax structure which results in tax payments made by the Trust (as opposed to being flow through for tax, with tax payments by unitholders). Whilst the cash in the hands of the unitholders is expected to be substantially the same as for a typical Australian trust given that

²⁹ The lower the WACR the higher is the value of the properties and hence of the Trust.

³⁰ The lower the dividend yield the higher is the value of the Trust assuming constant dividend distributions.

³¹ This information is as reported in the VHP Investor Presentations between FY18 to FY20.

³² AUHPT does not report funds from operations in its financial statements. We have calculated an approximate payout ratio taking into account the net profit, valuation changes, interest rate derivative changes, capital gain distributions to calculate an implied FFO, which is then compared with the distributions to unitholders. This information has been sourced from the Annual Financial Statements lodged by AUHPT with ASIC.



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VHP unitholders receive a credit for tax paid by the trust, the tax expense by the trust has the effect of reducing the reported distributions and distribution yield, all other things being the same.

In order to enhance the level of comparability, we have adjusted the distribution yield of VHP by assuming a payout ratio of 100% and by removing the inefficiencies (i.e. tax payments) caused by the tax structure. As a result, the distribution yield for VHP increases to c. 4.15%³³ which is higher than the distribution yield implied in the Cash Price of 3.74%.

Reasonableness Assessment

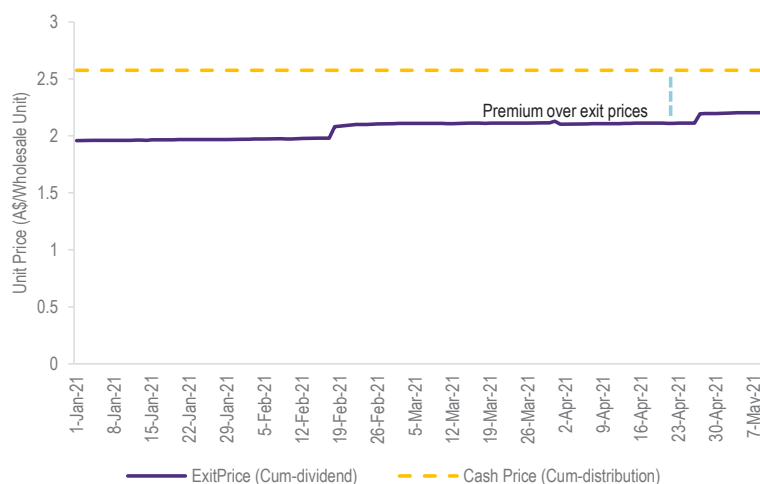
In considering the reasonableness of the Proposed Transaction, we have assessed the following advantages, disadvantages and other factors.

Advantages

Premium over exit prices

The ability of the Unitholders to trade their units in line with the Cash Price in the short term and in the absence of an alternative transaction is unknown at this point in time. We have set out below the trading exit prices³⁴ for the Wholesale Units (on a cum-distribution basis) and compared them with the Cash Price (on a cum-distribution basis) for the Wholesale Units.

Premium over the exit price for Wholesale Units



Source: AUHPT Wholesale Unit Price history from AUHPT Website

Note (1): The AUHPT Wholesale Unit prices are on a cum-distribution basis. In order to make a like-for-like comparison, we have therefore made a comparison with the Cum-distribution offer price of A\$2.55 per Wholesale Unit plus 2.5c assumed distribution for the June quarter.

³³ Vital Healthcare Property Trusts dividend yield has been adjusted based on the updated FY21 distribution guidance of c. 8.9 cents per unit, a higher payout ratio of 100% to reflect AUHPT's higher payout ratio and an adjustment to reverse the impact of VHP's existing tax structure which reduces the distributions available to VHP unitholders. Refer to the body of the report to consider these changes.

³⁴ The Wholesale Unit Prices are available from the Australian Unity Healthcare Property Fund website. The exit prices are based on the NTA of AUHPT at a contemporaneous date less a spread.



Certainty of the cash consideration

The cash nature of the Cash Price provides AUHPT Unitholders with an opportunity to exit their investment in AUHPT at premium to the prices that they would be able to exit their investment and the NTA as at 31 December 2020 and the Pro-forma Adjusted NTA. In the absence of the Proposed Transaction or an alternative proposal, AUHPT Unitholders could only realise their investment by disposing of their AUHPT Units at the withdrawal/exit prices which is at a material discount to the Cash Price.

In addition, the upside potential on most of the development pipeline projects is yet to be demonstrated and their advancement will require AUHPT to reduce the distribution payout ratio or undertake larger³⁵ capital raising which will be dilutive compared with our valuation assessment or the Cash Price. For example, the Sunshine Private Hospital requires development capital expenditure of c. A\$100 million over the next 2/3 years and AUHPT is the primary development manager for this project.

The Proposed Transaction provides liquidity

The Proposed Transaction represents an opportunity for Unitholders to achieve a ready sale of their Units at a certain price. The historically low volumes of disposals under the withdrawal/exit provisions and the cap on the withdrawal amount mean that it may otherwise be difficult for Unitholders to realise value for large volumes or when desired/necessary.

Typically, Wholesale Units and Retail Units withdrawals/exits from the Trust are paid quarterly. The maximum total amount available for withdrawals each quarter is 2.5% of the net asset value of the relevant class of units on issue. In the event this amount is exceeded, withdrawals are met on a pro-rata basis. As per the constitution, the Trust has 365 days to meet withdrawal requests. If the Trust is unable to sell a property within 365 days to meet withdrawal requests, it has the ability to suspend withdrawals. The time of future withdrawal is governed by the Trust's constitution and law.

By agreeing to vote in favour of the Proposed Transaction, Unitholders will not be impacted by any of the above restrictions and will be able to realise a premium over the exit prices.

Interest rate increase

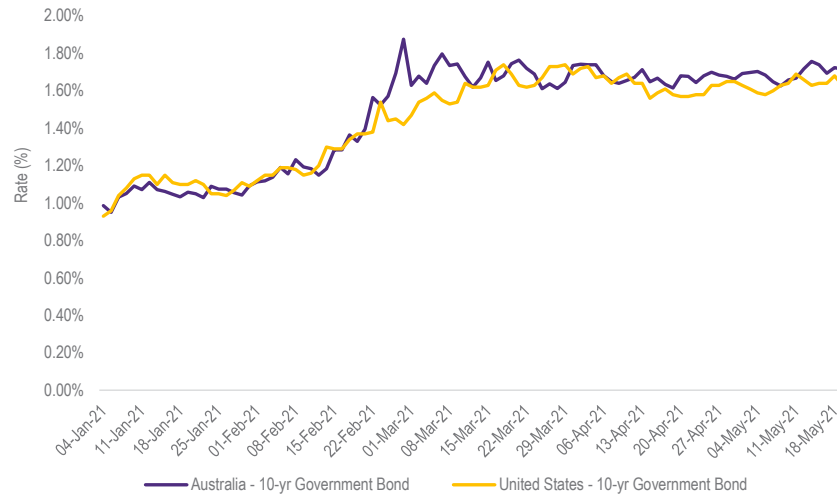
In the last few months, there has been an increase in the long term bond yield as set out in the graph below triggered by expectations that inflation may be on the rise on the back of the large monetary and fiscal stimulus deployed by Governments around the world to mitigate the impact of the outbreak of COVID-19 and support economies and employment rates. An enduring increase in the long term bond yield may have an adverse effect on properties valuations.

³⁵ Compared with the scenario where the payout ratio is reduced.



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Australia and United States 10-year Government Bond Yields



Source: S&P Capital IQ

Disadvantages

Shareholders will not be able to participate in the future upside of AUHPT

By voting in favour of the implementation of the Trust Scheme, Unitholders will forgo the opportunity to participate in the future upside potential of the Trust and any uplift in current market conditions, which may arise from the following:

- *Ageing population* – we note that Australia's population is ageing with the proportion of adults aged 65 and older increasing from 12.3% to 15.9% over the last 20 years. This trend is expected to continue, which can increase the demand for beds and high quality hospital services. AUHPT would be a beneficiary of this trend not only as a provider of aged care facilities, but also through its hospital and medical centres throughout Australia.
- *Compression of WACR* – As with any real estate portfolio, there is the potential for cap rate compression as the properties mature and establish maintainable earnings. Whilst AUHPT have already been the beneficiary of substantial cap rate compression, the growth and maturation of the property portfolio, along with the favourable interest rate environment, could result in further decreases in cap rates and an overall uplift in property values.
- *Development pipeline of AUHPT* – AUHPT has experience and expertise in developing health care projects throughout Australia. With c. A\$1.1 billion of the projects within the development pipeline (including unidentified greenfield projects totalling A\$360 million), AUHPT may be able to deliver positive outcome for Unitholders via this growth opportunities. However, as discussed in our fairness assess and in section 6.1.3, we have identified significant risks and uncertainties in relation to the development pipeline, excluding the brownfield expansion projects.



Notwithstanding the above, we are of the opinion that in the absence of the Trust Scheme or alternative transactions, it is unlikely for Unitholders to transact above the Cash Price at least in the short term and the Cash Price is materially above the price at which Units have recently traded at.

Other factors

Value of AUHPT for NorthWest

NorthWest is a specialist health care real estate manager and it will be able to realise synergies and cost savings in the management of AUHPT. However, we note that we have included in our valuation assessment cost savings between 70% and 80% of the RE and manager costs³⁶, so these are fully captured into our valuation assessment.

In addition, NorthWest may renegotiate the terms of the debt facilities and lower the cost of debt of AUHPT which accordingly may increase future distributions, all things being the same. Further, NorthWest will be able to integrate the properties into a broader, larger and more diversified portfolio of healthcare assets which collectively may trade at a lower capitalisation rate.

Prospects of a superior proposal or alternatives available to AUHPT

To date no superior proposal has emerged and there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges, AUHPT Unitholders will be able to consider it before the Proposed Transaction is approved.

Whilst NorthWest currently has a relevant interest in c. 16.2% of the total value of the Units, we are of the opinion that this is not necessarily sufficient to stop alternative potential proposals to emerge even if it may act as a deterrent. On the other hand, Unitholders also have the following options as alternatives to the Proposed Transaction:

- *Remaining as an unlisted REIT.* AUHPT Unitholders may reject the Proposed Transaction and retain their investment in AUHPT in the expectation that the AUHPT Unit price will increase in the short term above the Cash Price. This would require the WACR to further compress from 5.17% in April 2021 to c. 4.57%³⁷, all other things being the same.
- *Internalisation transaction* – AUHPT is an externally managed REIT and this structure is increasingly out of favour with investors and accordingly unitholders may seek to internalise the RE to align AUHPT to market best practice. Whilst this is a feasible option to create value for AUHPT Unitholders, it may require a substantial payment to the RE which is currently expected to receive in excess of A\$20 million per annum on an ongoing basis for the management services provided to the Trust. We note that historically, internalisation transactions have occurred at between 1% and 8% of the GAV. Separately, NorthWest paid 13.3% of GAV to acquire the management rights of Generation Healthcare in mid-2016.
- *Listing on ASX* – There is no certainty that an Initial Public Offering (“IPO”) will be able to realise value in excess of the Cash Price for the Unitholders given that most of the externally managed

³⁶ This excludes the profit margin of the RE/manager.

³⁷ Cap rate implied in the Cash Offer.



REITs trade on or around net assets. As discussed extensively in section 7.2.1, VHP trades a c. 17%³⁸ premium to net assets, however this is due to specific circumstances which in our opinion are not applicable to AUHPT having regard to the Pro-Forma Adjusted NTA.

- *An orderly realisation of the Properties.* As an alternative, we have also consider that unitholders could elect to undertake a managed wind-up in order to realise the underlying value of the properties. A managed wind-up is likely to require six to twelve month period in order to carry out the necessary marketing, sales and due diligence requirements. Whilst this is likely to attract a portfolio premium over the net assets of AUHPT, this is already included in our valuation assessment. In addition, AUHPT may incur significant capital gain taxes for those properties that have been in the portfolio for a significant time and accordingly have a low cost base. Finally, during this time, the existing operational overhead structure will remain in place and the Trust may be required to incentivise the RE with one-off payments which are not captured in the properties valuation. We are of the opinion that this is unlikely to realise a price in excess of the Cash Price for the Unitholders.

Tax implications

Implementation of the Proposed Transaction may crystallise a capital gains tax liability for AUHPT Unitholders, however the taxation consequences for AUHPT Unitholders will vary according to their individual circumstances and will be impacted by various factors.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE** to AUHPT Unitholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is **FAIR AND REASONABLE AND THEREFORE IN THE BEST INTERESTS** of AUHPT unitholders in the absence of a superior proposal emerging.

³⁸ Calculated as the 5-day VWAP as at 18 May 2021 of c. NZ\$2.99 compared with 31 December 2020 NTA of NZ\$2.55. We have not considered the NTA of NZ\$2.63 provided by VHP in the Q3FY21 update released on 12 May 2021 as VHP has not undertaken a revaluation of the properties as at 31 March 2021 and therefore the NTA movement is largely driven by progress made on the existing developments as opposed to cap rate compression. For information purposes only, the premium to net tangible assets using the 5-day VWAP of NZ\$2.99 and the NTA reported in the Q3FY21 update would be c. 14%.



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Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Proposed Transaction is a matter for each AUHPT Unitholder to decide based on his or her own views of value of AUHPT and expectations about future market conditions, AUHPT's performance, risk profile and investment strategy. If AUHPT Unitholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

JANNAYA JAMES
Authorised Representative



27 May 2021

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by the NorthWest to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This Report is included in NorthWest's Trust Scheme Booklet.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our Report, we provide general financial product advice. The advice in the Report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is NorthWest. Grant Thornton Corporate Finance receives its remuneration from NorthWest. In respect of the Report, Grant Thornton Corporate Finance will receive a fee of A\$350,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the Report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this Report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of AUHPT and NorthWest in order to provide this Report. The guidelines for independence in the preparation of independent expert's



reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this Report, and have not had within the previous two years, any unitholding in or other relationship with NorthWest or AUHPT (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this Report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the Report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this Report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions about the Scheme Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.



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1 Outline of the Proposed Transaction

1.1 Trust Scheme

1.1.1 Indicative Proposal

On 17 February 2021, NorthWest submitted a non-binding and indicative proposal to enter into a scheme implementation agreement ("SIA") with AUHPT to be implemented via a trust scheme under which NorthWest and Recosia Private Limited ("Recosia" and together with NorthWest referred to as "the Consortium") would acquire 100% of the units in AUHPT for a cash consideration³⁹ of A\$2.20 per Wholesale Unit, A\$2.25 per Retail Unit and A\$1.42 per A Class Unit.

In allocating the consideration among the different securities on issue, the Consortium had assumed that there were 926,227,000 AUHPT units on issue at the time of the Indicative Proposal. The Indicative Proposal was subject to completion of confirmatory due diligence by NorthWest to its satisfaction, execution of a mutually acceptable SIA to implement the Proposed Transaction by way of a trust scheme recommended by the AUFM Board and the approval of the Foreign Investment Review Board ("FIRB").

1.1.2 Revised Indicative Proposal

On 12 March 2021, NorthWest submitted a revised indicative proposal at an increase offer price on a ex-distribution basis⁴⁰ of A\$2.35 per Wholesale Unit, A\$2.41 per Retail Unit and A\$1.52 per A Class Unit to reflect, amongst other things, the positive impact resulting from the February 2021 independent property revaluations undertaken by AUHPT. The revised cash price would have been reduced by the amount of any quarterly or other distributions (estimated at 5 cents per Wholesale Unit) which AUHPT unitholders received after the date of the Revised Indicative Proposal.

This Revised Indicative Proposal was conditional on the Consortium being provided access to due diligence to confirm, amongst other things, AUHPT's development pipeline, and a unanimous recommendation by the board of directors of AUFM that unitholders vote in favour of the Revised Indicative Proposal.

1.1.3 Further Increased Proposal

We have outlined below some additional key terms of the Trust Scheme not previously discussed (in a non-exhaustive manner):

- The Cash Price is in addition to the assumed June 2021 quarterly distribution of 2.5 cents per Wholesale Unit.
- *Conditions precedent to the Trust Scheme* – From the date of the Explanatory Memorandum until the Lodgement Date⁴¹, there is no Adverse Event⁴².

³⁹ Under the Indicative Proposal, the price for AUHPT units will not be reduced by distributions of income that AUHPT unitholders become entitled to or receive in the ordinary course which can be funded from AUHPT's free cash flow.

⁴⁰ Or A\$2.40 per Wholesale Unit, A\$2.47 per Retail Unit and A\$1.52 per A Class Unit on a cum-distribution basis.

⁴¹ As defined in the Explanatory Memorandum.

⁴² As defined in the Explanatory Memorandum.



2 Purpose and scope of the report

2.1 Proposed Transaction

2.1.1 Purpose

Section 252D of the Corporations Act provides that members with at least 5% of the votes that may be cast at a meeting of the scheme's members may call and arrange to hold a meeting of the scheme's members to consider and vote on a proposed special resolution. The meeting must be called in the same way, so far as is possible, in which scheme members' meetings may be called by the responsible entity.

Accordingly, NorthWest has convened a special scheme meeting to seek unitholders' approval in accordance with section 252D of the Corporations Act to consider and vote on those amendments to the AUHPT Constitution to enable the Trust Scheme to be implemented and make it binding on all Unitholders.

There is no specific statutory framework for a scheme pertaining to trusts as there is for a scheme of arrangement between companies and their members.

However for listed trusts⁴³, the Takeovers Panel has issued Guidance Note 15 outlining the recommended procedures for a trust scheme. GN15 suggests that the notice of meeting and explanatory memorandum for a trust scheme should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the trust scheme are fair and reasonable, and therefore consistent with determining whether it is in the best interests of the members.

Although an expert's report is only required in a bid (scheme) if the acquirer and the target have a shared director or the acquirer has over 30% voting power in the target, there is a requirement for a listed trust scheme to always commission an IER given the absence of judicial or ASIC scrutiny, and the potential for the responsible entity of the target to have an interest.

Whilst GN15 is only applicable to listed trust, in the absence of other relevant regulatory framework, we have referred to GN15 for the preparation of this Report.

2.1.2 Basis of assessment

Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by ASIC, including RG 111, Regulatory Guide 60 Schemes of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC.

We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members". RG 111 establishes certain guidelines in respect of the independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG111 requires an independent expert's report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the Scheme is "in the best interests of the members of the company". If an expert were to conclude that a

⁴³ This does not apply to unlisted trusts like AUHPT.



proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the Scheme is “in the best interests of the members of the company”.

Pursuant to RG111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, Unitholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Trust Scheme is to compare the fair market value of the various Units in the Trust on a control basis with the Cash Price.

In considering whether the Proposed Transaction is in the best interests of the Trust’s Unitholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The terms and conditions relating to the Proposed Transaction.
- The implications to the Trust’s Unitholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction.
- Other costs and risks associated with the Scheme that could potentially affect the Trust’s Unitholders.

2.2 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to RG 112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this Report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this Report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

In our opinion, Grant Thornton Corporate Finance is independent of AUHPT, AUFM, NorthWest and all other relevant parties of the Proposed Transaction.



2.3 Consent and other matters

Our Report is to be read in conjunction with the Trust Scheme Booklet dated on or around 25 May 2021 in which this Report is included, and is prepared for the exclusive purpose of assisting the Trust's Unitholders in their consideration of the Proposed Transaction. This Report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this Report in its form and context and consents to its inclusion in the Trust Scheme Booklet.

This Report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction on the Trust's Unitholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual Trust's Unitholders. Individual Unitholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual Unitholders.

The decision of whether or not to approve the Proposed Transaction is a matter for each of the Trust's Unitholder based on his or her views on the value of AUHPT and expectations about future market conditions, together with AUHPT's performance, risk profile and investment strategy. If the Trust's Unitholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

2.4 Compliance with APES 225 Valuation Services

This Report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as *"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*



3 Industry overview

This section is structured into two major components. The first part focuses on the REIT industry along with the macro-environment in Australia. The second part then deals specifically with the healthcare sector.

3.1 REIT industry

REITs are trust structures that provide security holders with an opportunity to invest in a vehicle that owns/holds investments in property assets. Investors generally evaluate REITs by assessing the security of the rental and other property income, quality of the individual property portfolio and diversification, tenant covenants, distribution yield, WALE, gearing and quality of management.

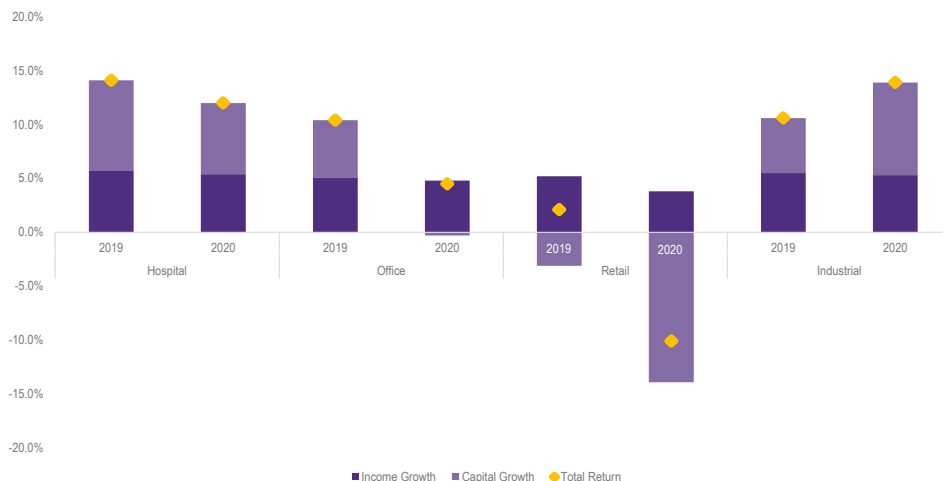
REITs usually invest in a range of properties in various sub-sectors and geographical locations. Among them are the following:

- Retail – investment in shopping malls and community shopping centres.
- Industrial – investment in industrial warehouses and distribution properties.
- Office – investment in office buildings and office parks.
- Residential – investment in residential properties including housing, apartments and student housing.
- Hotel – investment in properties that provide accommodation on a room and/or suite.
- Diversified – investment across a range of property sectors.
- Bulky goods – investment in retail warehouses which contain white goods and hardware
- Social/Specialised – includes investment in hospitals, medical centres, childcare and early learning, agricultural land as well as retirement communities, aged care and other seniors living, among others. AUHPT falls within this category.

Most REITs have been adversely affected by the onset of the COVID-19 pandemic, with the retail industry being impacted the most. Capital growth has shrunk in most sectors as a by-product of COVID-19-related measures put in place by the State and Federal governments which included social distancing, lockdowns and work from home arrangements. However, both the hospital and the industrial sectors have benefited from supporting market trends and demand. The graph below shows total returns over the last two years by key REIT sectors.



REIT Sector total performances

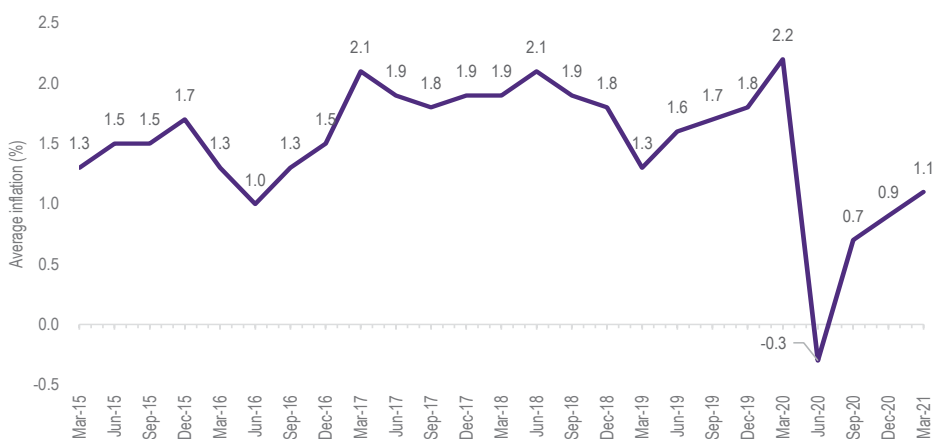


Source: MSCI

Presented below is a brief summary of the Australian key macroeconomic factors that may impact the performance of the REIT industry.

- Inflation rate** – REITs primarily derive their revenue from property rentals. Therefore, higher inflationary expectations tend to improve their rental yields, which then ultimately improves distributions to investors⁴⁴. Presented below is the historical average inflation rate in Australia covering the period from March 2015 to March 2021 quarter.

Historical Average Inflation Rate



Source: Reserve Bank of Australia

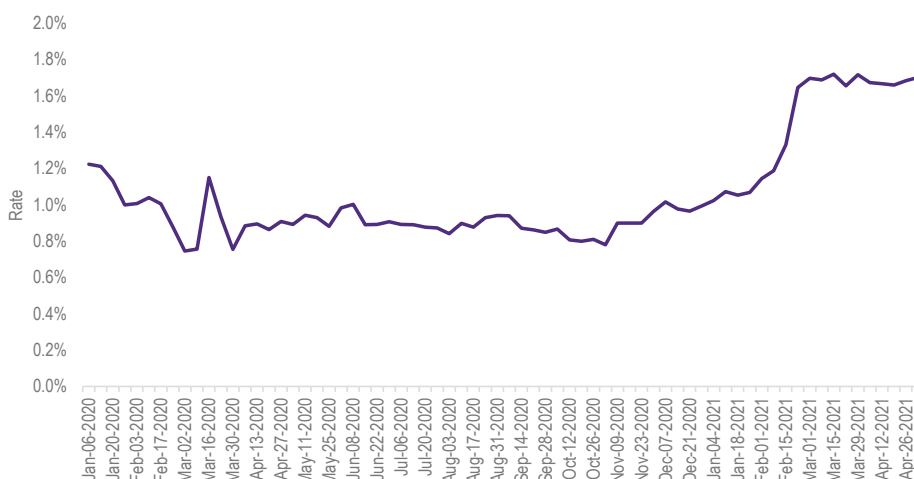
⁴⁴ The macroeconomic forces that drive REIT returns in Australia by Woon Weng Wong as presented to the School of Property Construction and Project Management, RMIT University.



Evident in the graph is the decline in the average inflation rate during the outbreak of COVID-19 due to significant initial reduction in discretionary spending. Based on the forecast of the International Monetary Fund, the inflation rate is expected to rise to 1.3% in FY21 and to 1.5% in FY22.

- Low interest rates** – To support the recovery of businesses after easing the COVID-19-related restrictions, the RBA reduced the cash rate to 0.10% in early November from 0.75% at the start of the year. For the REITs sector, the current falling interest rates mean a lower cost of debt which is expected to drive an increase in earnings. In addition, a decreasing interest rate environment would usually lead to a compression in the cap rates and as a consequence, an increase in market value. However, we note that more recently, as a result of the large fiscal and monetary measures implemented, which has driven expectations for an increase in inflation, the yield curve for government bonds has steepened in recent times. Below we present the yield on the 10-year Australian government bond since January 2020:

Australia 10-year Government Bond Yields

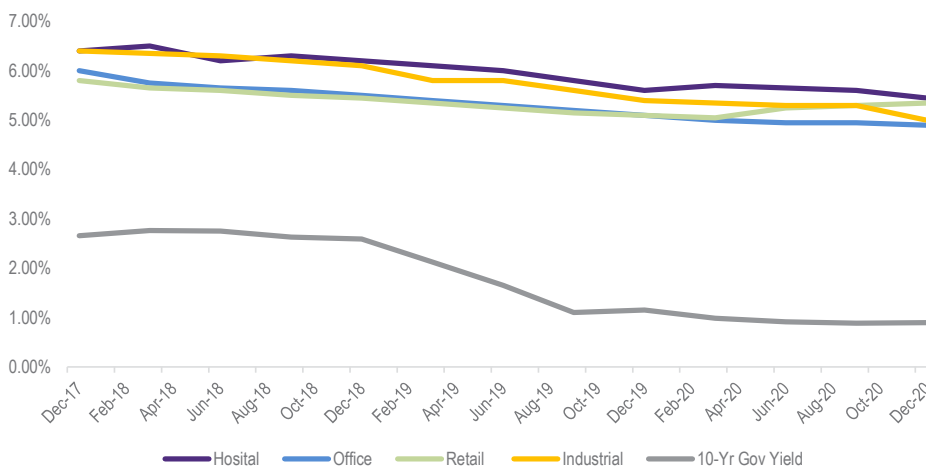


Source: S&P Capital IQ

- Compressing real property yields** – The yield on real properties has closely followed the 10-year bond, which in turn is linked to the cash rate. The graph below illustrates the correlation between the declining yield on 10-year Australian Government Bonds and cap rate compression:



Correlation between yield on 10-year Australian Government Bond and cap rate compression



Source: Reserve Bank of Australia, MSCI, GTCF analysis
 Note (1) Data for the industrial and retail sectors are up to 3Q 2019 only.

- GDP Growth** – Recent economic data illustrates that Australia’s recovery is well underway with GDP rebounding positively in the six months ending 31 December 2020 following a severe contraction earlier in the year. The most recent GDP figures indicate that consumer spending has increased sharply in recent months with Q4 GDP growth of 3.1% exceeding market expectations of 2.5%. Notably, this is the first time in more than 60 years that GDP has grown by more than 3.0% in two straight quarters. This phenomena has largely been propelled by extensive financial and fiscal stimulus implemented by the Australian Government that, when coupled with aggressive monetary policy and quantitative easing by the RBA, have helped support economic growth.

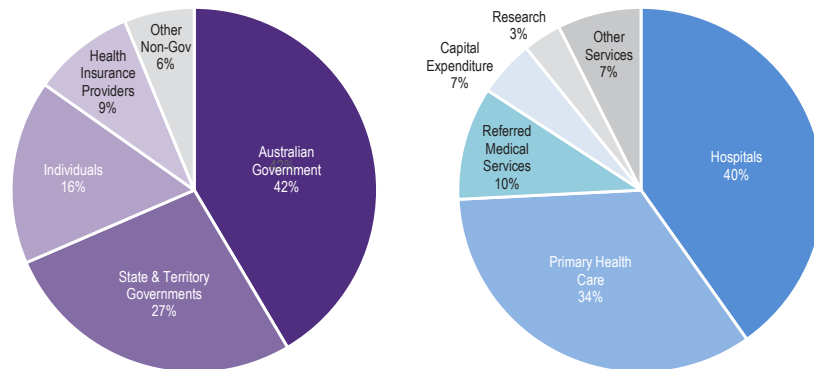
3.2 Healthcare sector

Australia’s health system is a complex mix of programs and services including public and private hospitals, primary health care services (such as general practitioners and allied health services), and referred medical services (including many specialists). Services are either paid for, and delivered by, the Australian or state and territory governments or are managed by private or not-for-profit organisations.

In 2017–18, Australia spent A\$185 billion on health, or about A\$7,500 per person—a considerable increase from A\$4,800 per person in 2000–01. About two-thirds of health spending is funded by government with c. 75% of the money going to hospitals and primary health cares as outlined in the graphs below⁴⁵.

⁴⁵ Source – Australia’s health 2020 in brief.

Australian healthcare funding and expenditure



Source: Australia's Health 2020 in brief.

Health spending in Australia has generally grown faster than the rest of the economy since 2000–01. The ratio of health spending to GDP increased from 8.3% in 2000–01 to 10% in 2017–18. At June 2019, 11.2 million Australians (44% of the population) had some form of private patient hospital cover, and 13.6 million (53%) had some form of general treatment cover.

3.2.1 Hospital sector

Hospitals within Australia are primarily owned and managed by the respective state and territory governments, however there also exists numerous private hospitals that run both for-profit and not-for-profit purposes. Australia's public and private hospital sectors generate c. A\$77.7⁴⁶ billion and A\$16.8⁴⁷ billion in revenue per annum respectively, whilst at the same time collectively employ c. 462,000 individuals annually. As at 31 December 2019, Australia had a total of 1,349 hospitals, with c. 74% clustered in the eastern seaboard states of New South Wales, Victoria and Queensland⁴⁸. Importantly, throughout the year roughly 30.9 million days of patient care were provided, an approximate 7% increase from 5 years prior⁴⁹.

The industry is characterised by various key market trends and drivers, namely:

- *Ageing Population* – Hospital demands, both public and private, continues to rise due to Australia's growing and ageing population as outlined in the graph below.

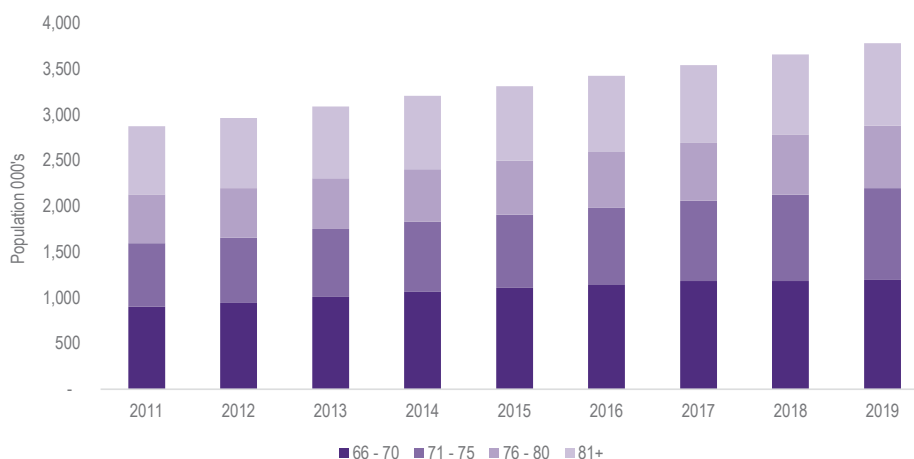
⁴⁶ IBIS World – Public General Hospitals in Australia.

⁴⁷ IBIS World – Private General Hospitals in Australia.

⁴⁸ Australian Institute of Health and Welfare: Australia's hospitals at a glance 2018 -2019.

⁴⁹ Ibid.

Australia's ageing population



Source: Australian Bureau of Statistics – Estimated Resident Population by single year of age, Australia.

Over the last 20 years, the proportion of Australia's population aged 65 and older has increased from 12.3% to 15.9%, a result of increasing baby boomers cohorts reaching 65 years old⁵⁰. Likewise, the last two decades have seen the number of individuals within Australia aged 85 year and over increase by c. 117.1%, contrasted by a total population growth of 34.8% over the same timeframe⁵¹, a phenomena largely driven by increasing life expectancies as a result of technological and medical advancements alike. This increase in the pool of high risk patients generates heightened demand for beds and better quality hospital services, in turn supporting sustained investment into the industry and likely driving increases in hospital property prices into the future.

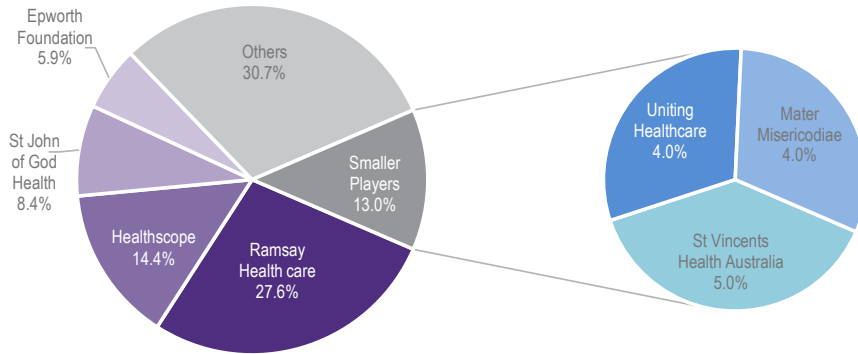
- **Key operators** – Australia's hospital industry, specifically the private segment, is dominated by a number of key players that operate over numerous locations. The private market in Australia is comprised of five players, these being Ramsay Health Care ("Ramsay"), Healthscope Limited ("Healthscope"), St John of God Health Care and the Epworth Foundation⁵² and Healthe Care Limited ("Healthe Care"). Notably, there are additional smaller players that operate throughout multiple locations however they only operate a single major hospital. The respective market share of the aforementioned operators inclusive of all others is illustrated below:

⁵⁰ Australian Bureau of Statistic – Australian demographic statistics, June 2019. Twenty years of population change.

⁵¹ Ibid.

⁵² These are often referred to as "Tier 1" operators

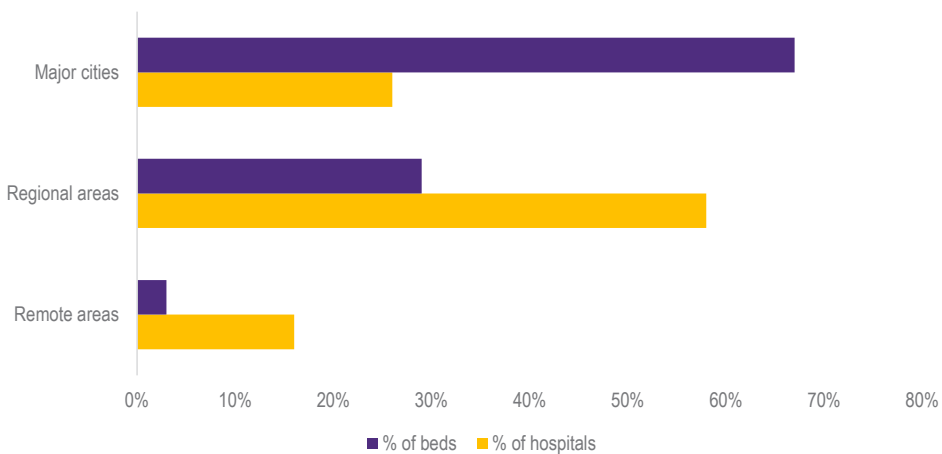
Australia's private hospital key operators



Source: IBIS World – Private General Hospitals in Australia
 Note 1: Whilst Healthe Care is a Tier 1 operator, no information is available in relation to the market share of Healthe Care.

- Access to healthcare** – The number of hospitals and beds available is a good measure of the population’s access to health care services. As at 2019, there were roughly 63,100 public hospital beds available, fluctuating from c. 2.5 per 1,000 people in major cities to roughly 3.9 per 1,000 people in remote and very remote areas⁵³. Interestingly however, despite only c. 26% of all hospitals being found in major cities, approximately two thirds of all public hospital beds in Australia were located within the same area, illustrating both the size of the facilities and the consequential demand for health services. The following graph illustrates the breakdown of hospitals and beds around Australia.

Breakdown of % of Hospitals vs. % of beds by region



Source: Australian Institute of Health and Welfare – Australia’s hospitals at a glance (2018 – 2019)

- Technological advances** – Notably, improvements in technology are forecasted to drive hospital efficiency into the near future, namely with respect to patient treatment. Technological advancements

⁵³ Australian Institute of Health and Welfare – Australia’s hospitals at a glance (2018 – 2019).



in fields such as robotics and medicine are forecasted to reduce mortality rates and increase the speed and efficiency at which procedures are completed. In doing so, the average stay of a patient is also likely to simultaneously decrease which should make bed space available for higher value procedures.

Australia's hospital industry is anticipated to grow steadily at an annualised rate of 3.5% over the next five years through to 2026. This growth is largely underpinned by not just the aforementioned key drivers but also more medically based fundamentals, namely the increased incidence of chronic illnesses and rising rates of obesity seen in Australia's population. In terms of the private sphere, the pandemic had a considerable impact on the industry's operating environment, causing considerable backlog in elective surgery and increased waiting times. This is now returning back to its original pre-pandemic operating level as restrictions ease and life returns back to normal.

Whilst the macro-trends are positive, the industry is facing labour shortages in all of nursing, surgeons, physicians and other medical occupations relative to the industry's increase in demand. Additionally, declining private health insurance membership shown over the last five years is forecasted to continue through to 2026⁵⁴, in turn placing an increased pressure and burden on public hospitals in the future.

3.3 Medical Centre sector

Broadly speaking, Australia's age profile and access to universal healthcare are strong demand determinants for the medical centre industry. The industry has seen increased volumes in recent years with Australia's population ageing as older individuals tend to require more frequent check-ups. Importantly, we note the outbreak of COVID-19 within Australia invariably led to a sharp contraction in physical visits as mandatory stay at home orders and lockdowns were imposed. A by-product of this however is the increased use of telehealth services by medical professionals to minimise contact and avoid spreading the virus. Between the periods March 2020 and March 2021, the federal government introduced temporary measures to allow for telehealth services to be Medicare subsidised, resultantly increasing bulk billing rates throughout the year. The by-product of this is a far larger and proven telehealth infrastructure nationwide, with increasing public pressure increasing on the government to make Medicare rebates and telehealth services more permanent.

The Australian government's plan to roll out the COVID-19 vaccination through general practitioners and associated medical centres fully subsidised will have a materially positive impact on the industry, increasing foot traffic and revenue. Additionally, the threefold nature of the vaccination process means individuals will need to return to the medical centre on numerous occasions for boosters and, when coupled with the potential of yearly top up vaccinations becoming necessary, will likely drive sustained growth into the future.

Looking to the future, industry revenue for general practitioners is forecasted to grow at an annualised rate of 3.3% over the five year period ending 2026 to c. A\$16.4 billion⁵⁵. In addition, the 2021 Federal Budget included several healthcare friendly proposed funding which are expected to continue to support the industry going forward.

⁵⁴ Ibid.

⁵⁵ IBIS World – General Practice Medical Services in Australia.



3.4 Aged Care Sector

The Aged Care sector is relatively less represented in AUHPT's portfolio, accounting for c. 8% as at 31 March 2021, with the vast majority of assets located in Queensland.

Worth c. A\$23.9 billion as at 31 December 2020, Australia's residential aged care industry is highly fragmented with relatively low market concentration from key players⁵⁶. Within the industry there are two main types of organisations, these being not-for-profit and for-profit, with a small amount of government based operators comprising the balance. In recent years the market share of for-profit aged care facilities has increased, largely a function of declining funding and stagnating income in religious and charitable not-for-profit organisations amidst growing operational costs.

From a growth perspective, the industry's revenue is expected to rise on an annualised basis of 3.2% over the next five years through to 2026⁵⁷. Notably, despite there being an ageing population and an increase in the average life expectancies driving expansion, a combination of occupancy pressures, weak public sentiment and decreasing investor interest in light of uncertain economic conditions are set to impede on the industry's growth. In terms of funding, the Australian aged care industry operates under a hybrid payment system, whereby the federal government partly subsidises eligible individuals' costs under the Aged Care Funding Instrument ("ACFI"), with the remainder to be paid out of pocket⁵⁸. As at 2019, approximately one third of the industry's revenue was funded through the federal government's grants, illustrating the sector's dependency on the ACFI's continuance. Amidst an ageing population however, the federal government will undoubtedly find it increasingly difficult to match the level of care it currently provides, in turn likely moulding the sector into a more fee-for-service based funding in the future.

The recent Royal Commission into Australia's aged care sector off the back of a series of high-profile cases of abuse, neglect and negligence is also likely to have far reaching impacts on both the structure and regulation of the industry. Key takeaways from the report include the adoption of a rights-based aged care system, increased governance and regulation, improvement of workforce conditions and capability and finally, increased subsidisation and government funding⁵⁹. The implications of these proposals would undoubtedly have an adverse impact on both the profitability and the way in which aged care operators currently structure their business model. Likely repercussions include increased capital expenditure toward infrastructure development, increased employment based costs, negative sentiment surrounding the industry and decreased levels of investment from external parties. Inversely, the push for increased government funding would have a positive impact on the industry, extending the sector's reach to the poorer subset of the population currently unable to afford aged care services. The benefits of the increased government funding is expected to more than offset the cost pressures from the findings of the Royal Commission.

The 2021 Federal Budget included a number of policies in response to the Royal Commission into Aged Care pledging A\$17.7 billion in additional funding over the next five years to ensure high quality and safe care services to be allocated as outlined below:

- A\$7.5 billion to be invested into home-care to support senior people who chose to remain in their home.

⁵⁶ IBIS World – Aged Care Residential Services in Australia.

⁵⁷ IBIS World – Aged Care Residential Services in Australia.

⁵⁸ Japara Investor Centre – Future Trends in Australian Aged Care.

⁵⁹ Aged Care Royal Commission Final Report: Summary.



- A\$7.8 billion towards improving and simplifying residential aged care services and to ensure senior Australians can access value for money services.
- Circa A\$700 million to enhance the governance into the aged care sector.
- The balance to train workforce and enhance quality and safety standards.

Based on the above, the outlook for the aged care sector remains relatively positive despite some expected turbulence in the near future.



4 Profile of AUHPT

4.1 Introduction

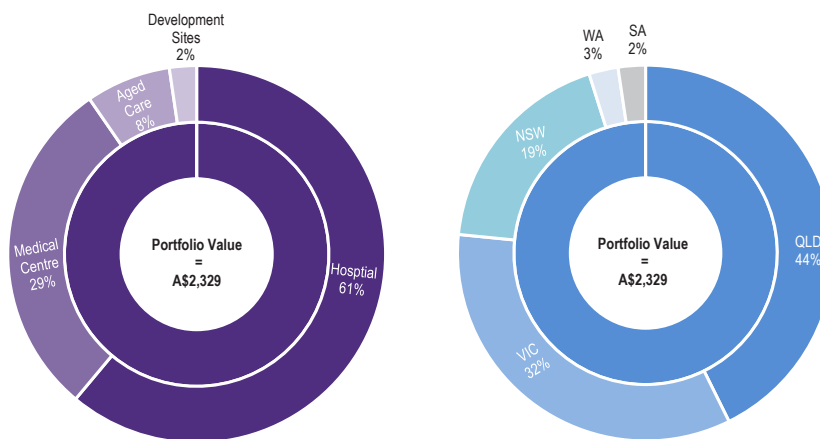
AUHPT is an unlisted property trust that invests in a variety of healthcare property and related assets. As of 30 April 2021, AUHPT had an independently-valued total GAV c. A\$2,329.2 million made up of direct interests in 66 properties⁶⁰. The KPIs of the properties are outlined in the table below.

AUHPT Portfolio Overview A\$m	Book Value	WALE Yrs	WACR %	Occupancy %
Hospitals	1,422.6	20.9	4.83	99.7%
Medical Centres	682.9	6.5	5.60	96.3%
Aged Care	169.6	21.5	6.40	100.0%
Assets Held for Development	54.1	n/a	n/a	n/a
Total	2,329.2	16.21	5.06	96.4%

Source: AUHPT 31 March 2021 Fund Update & April 2021 Property Revaluations

Additionally, AUHPT's portfolio is well diversified across Australia with a presence in five separate states, most notably Queensland with c. 44%. The following chart illustrates a breakdown of AUHPT's portfolio across both state and asset class.

AUHPT Portfolio breakdown by state and asset class

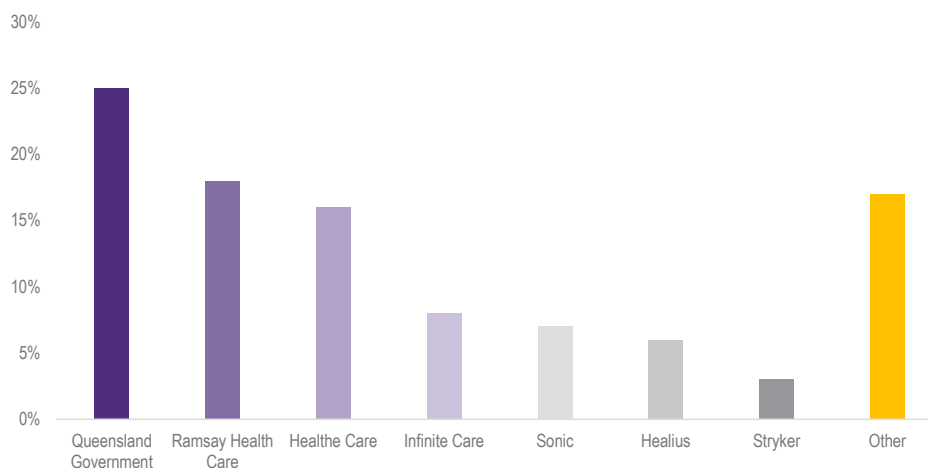


Source: AUHPT 31 March 2021 Fund Update & April 2021 Property Revaluations

As discussed in section 3.2.1, the hospital industry's market share is largely weighted toward certain tier 1 operators which is reflected in AUHPT's tenant portfolio. The following graph displays AUHPT's top tenants by income:

⁶⁰ This excludes AUHPT's ownership in the Arena REIT (c. A\$79.55), Cash and cash equivalents (c. A\$48.5), Loan receivables (c. A\$65.40) and other assets (c A\$24.13).

AUHPT top tenants by income



Source: AUHPT 31 March 2021 Fund Update & April 2021 Property Revaluations

The responsible entity of AUHPT is Australian Unity Funds Management Limited. The Responsible Entity is 100% owned by Australian Unity Limited. A management fee is payable by AUHPT to the RE and is computed as followed:

- Base fee of 0.65%⁶¹ p.a. of AUHPT's GAV up to A\$2.0 billion; plus,
- Base fee of 0.50% p.a. of the amount by which AUHPT's GAV exceeds A2.0 billion.

The management fee is calculated and accrued daily and then paid monthly from the assets of AUHPT to the RE. Additionally, any expenses incurred by the RE in the performance of its duties in respect to AUHPT (including third party costs) are payable or reimbursable by AUHPT. The estimated recoverable expenses by the RE for each of Wholesale, Retail and Class A are 0.23%⁶², 0.40%⁶³ and 0.30%⁶⁴ respectively of AUHPT's GAV. Furthermore, there are additional leasing fees, rental review fees, property management fees and development management fees, however these are asset specific.

4.2 Portfolio overview

4.2.1 AUHPT's hospital portfolio

Below we provide a snapshot of the hospital portfolio assets:

⁶¹ This fee is applicable to the Wholesale and Retail Units. For the Class A Units, the fee is 0.68% of GAV instead of 0.65%. All other elements of the RE fees remain the same.

⁶² Based on AUHPT's Wholesale Units Product Disclosure Statement in Nov-2019.

⁶³ Based on AUHPT's Supplementary Product Disclosure Statement in May-2017.

⁶⁴ Based on AUHPT's Class A Product Disclosure Statement May-2017



AUHPT Hospital Portfolio		Valuation	Current	Book	WALE	Cap rate	Occupancy
A\$m	Major tenant	Date	Valuation	Value ¹	Yrs	%	%
Hospitals							
Herston Quarter - STARS	MNHHS	Apr-21	526.0	526.0	19.40	4.50	99.2%
Peninsula Private Hospital	Ramsay Health	Apr-21	243.5	243.5	29.4	4.50	100.0%
Mulgrave Private Hospital	Healthe Care	Apr-21	155.3	155.3	26.7	5.00	100.0%
Beleura Private Hospital and Clinic	Ramsay Health	Apr-21	122.5	122.5	13.3	4.75	100.0%
Brisbane Waters Private Hospital	Healthe Care	Apr-21	59.8	59.8	21.8	5.13	100.0%
Brunswick Private Hospital	Healthe Care	Feb-21	45.5	45.6	23.4	5.00	100.0%
Robina Private Hospital	Healthe Care	Feb-21	44.6	44.6	20.5	5.00	100.0%
Western Hospital	Western Hospital	Feb-21	43.9	44.8	22.6	6.00	100.0%
Sunshine Day Surgery and Clinic	Fresenius Medical Care	May-20	32.5	36.1	3.30	6.00	100.0%
Tuggerah Lakes Private Hospital	Healthe Care	Feb-21	29.0	29.0	17.8	5.25	100.0%
Townsville Private Clinic	Healthe Care	Mar-21	27.8	27.8	17.1	5.50	100.0%
North Shore Specialist Day Hospital	IVF Australia	May-20	22.8	22.9	1.5	6.38	100.0%
Hunters Hill Private Hospital	Ramsay Health	Feb-21	25.8	25.8	14.6	5.25	100.0%
Berkeley Vale Private Hospital	Ramsay Health	Feb-21	21.0	21.0	14.6	5.50	100.0%
Figtree Private Hospital	Ramsay Health	Feb-21	18.0	18.0	14.6	5.75	100.0%
Subtotal - Hospitals		n/a	1,417.8	1,422.6	20.75	4.83	99.7%

Source: AUHPT 31 March 2021 Fund Update

At the end of April 2021, book values in AUHPT's hospital sector grew by 11% from the December valuation, supported by 17 property revaluations conducted throughout the period. Additionally, the book value of WACR reduced by 45 basis points from the December quarter valuation, a by-product of tightening yields across the sector supported by long WALEs as well as strong tenant covenant. We have set out below a brief description of AUHPT's two key properties in the hospital portfolio, constituting c. 54% of net assets:

- Herston Quarter:** The Surgical, Treatment and Rehabilitation Services ("STARS") building located in the Herston Health precinct of South East Queensland accounts for c. 36.3% of AUHPT's hospital portfolio. This specialist facility is the first completed building as part of the Herston Quarter Redevelopment Project. STARS currently comprise of 182 beds and is forecasted to reduce patient wait lists and increase access to specialist treatment for c. 100,000 Queenslanders annually⁶⁵. The STARS facility itself has a net lettable area of c. 32,400 square metres with an accompanying occupancy rate of 99.2% constituted by 4 tenants.
- Peninsula Private Hospital** – Opened in 1999, the Peninsula Private Hospital located in the Mornington Peninsula south east Melbourne constitutes to c. 16.8% of AUHPT's hospital portfolio. Peninsula Private is a facility comprising 344 beds spread across numerous departments such as acute emergency, surgical, medical, cardiac and obstetric. Since inception, Peninsula Private has undergone enhancements and expansions, including the addition of an Intensive Care Unit and a 24 hour pharmacy. Ramsay is the only tenant/operator at Peninsula with a WALE of 29.4 years. The future expansion and accompanying gentrification of Melbourne's outer suburbs will be a key driver of growing demand for Peninsula Private and is likely to result in further facility upgrades and expansions.

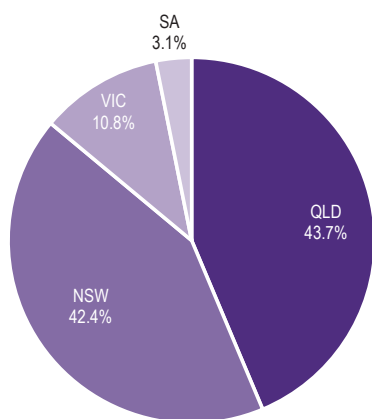
From a geographic perspective, AUHPT's hospital assets are spread around Australia and are split across both city and rural areas, with the largest focus being the Queensland market at c. 44% of total hospital

⁶⁵ Queensland Government: Metro North Hospital and Health Service – Queensland's first new digital hospital STARS is ready for business.

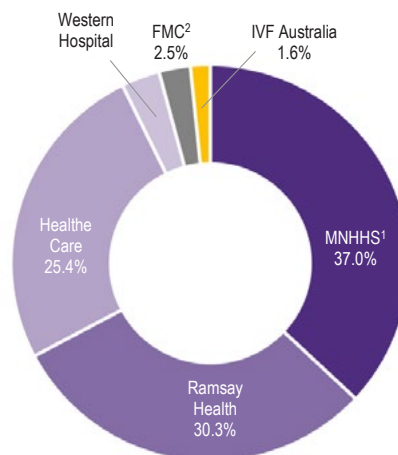


book value. Below we present the geographical diversification and observed tenant breakdown of AUHPT's hospital portfolio⁶⁶.

AUHPT Hospital Geographic Breakdown



AUHPT Hospital Tenant Breakdown



Source: AUHPT 31 March 2021 Fund Update

Note (1): MNHSS refers to Metro North Hospital and Health Services; Note (2): FMC refers to Fresenius Medical Care.

4.2.2 AUHPT's aged care and medical centres portfolio

Below we provide a snapshot of the aged care and medical centres portfolio assets:

⁶⁶ Based on available information, for multi-tenanted properties we have include the major tenant only.



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AUHPT Medical Centres / Aged Care Portfolio		Valuation	Current	Book	WALE	Cap rate	Occupancy
A\$m	Major tenant	Date	Valuation	Value1	Yrs	%	%
Medical Centres							
RPAH Medical Centre	Wilson Parking Australia	Feb-21	108.0	108.0	3.5	5.75	99.0%
15 Butterfield St	Queensland Health	Apr-21	105.3	105.3	4.5	5.50	100.0%
8 Herbert St	Stryker Australia	Apr-21	77.0	77.0	6.5	5.25	100.0%
103 Victoria Pd	Sonic Healthcare	Apr-21	57.5	57.5	7.0	5.00	100.0%
310 Selby Rd North	Clinipath Pathology	Mar-21	45.5	45.5	12.0	5.50	100.0%
Manningham Medical Centre	MMC General Practice	Mar-21	42.9	42.9	4.3	5.50	90.8%
Greensborough Medical Centre	Healius	Mar-21	38.5	38.5	12.0	5.25	100.0%
Campus Alpha Building, 2 Investigator Dr	Horizon Housing	Nov-20	25.5	25.5	1.0	6.75	55.5%
HIS Diagnostic Imaging Centre	Healius	Feb-21	21.5	21.5	14.7	5.25	100.0%
2 Short Street	Ramsay Health	Mar-21	17.4	17.4	2.0	6.00	100.0%
Robina Medical Centre, 1 Campus Cr	BGH Capital	Feb-21	17.8	17.8	12.2	5.25	100.0%
Corrimal Medical Centre	BGH Capital	Feb-21	16.7	16.7	10.8	5.75	100.0%
Gosford Private Medical Centre	Sonic Healthcare	Mar-21	15.5	15.5	3.0	6.50	76.8%
Ipswich Medical Centre and Day Hospital	Ipswich Day Surgery	May-20	14.5	14.5	1.8	7.00	91.9%
Victoria House Medical Centre	IPN Medical Centres	Feb-21	12.9	12.9	3.8	6.00	100.0%
Mackay Medical Centre and Day Hospital	Queensland Fertility Group	May-20	13.2	13.3	2.2	6.75	96.3%
14 Highfields Circuit	Healius	Feb-21	13.1	13.1	12.8	5.50	100.0%
566 Olsen Avenue Molendinar	Cornerstone Health	Nov-20	8.6	12.6	15.0	5.50	100.0%
1 & 3 Addison Rd	BGH Capital	Feb-21	10.0	10.0	12.1	5.25	100.0%
Eureka Medical Centre	BGH Capital	Feb-21	8.0	8.0	4.4	6.25	100.0%
80-82 Bridge Rd & 3-5 Rotherwood St	Healius	Nov-20	6.9	7.0	6.9	5.25	46.7%
7 Vidler Av	Luckstar	Feb-21	2.4	2.4	4.7	6.00	100.0%
Aged Care							
Edge Hill Orchards Aged Care Facility	Infinite Care	May-20	31.1	31.2	23.7	6.50	100.0%
Caravonica Aged Care Facility	Infinite Care	May-20	24.9	24.9	23.7	6.50	100.0%
Edmonton Gardens Aged Care Facility	Infinite Care	May-20	24.9	24.9	23.7	6.50	100.0%
Mounly Lofy Aged Care Facility	Infinite Care	May-20	23.9	24.0	23.8	6.25	100.0%
Cornubia Aged Care Facility	Infinite Care	May-20	23.8	23.8	23.8	6.25	100.0%
Constitution Hill Aged Care Facility	Australian Unity Care Services	Feb-21	23.8	23.8	7.7	6.50	100.0%
Ipswich Aged Care Facility	Infinite Care	May-20	17.0	17.1	23.8	6.25	100.0%
Subtotal - Medical Centres / Aged Care		n/a	847.8	852.6	9.49	5.76	97.0%

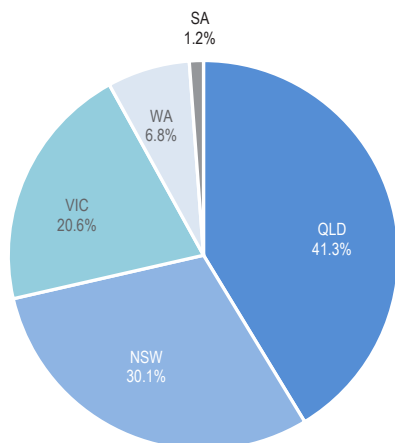
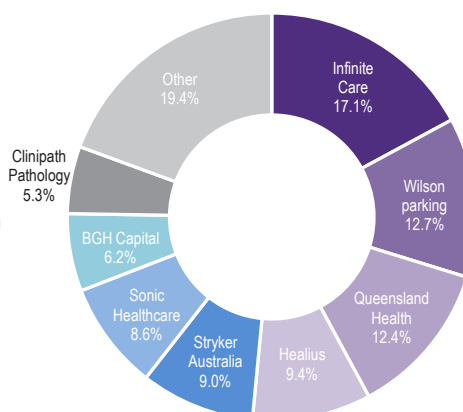
Source: AUHPT 31 March 2021 Fund Update

As of 30 April 2021, book values in AUHPT's aged care and medical centres sector have grown by 4.3% from the December quarter, largely driven by 20 property revaluations conducted throughout February, March and April 2021. At the same time, the WACR reduced by 27 basis points from the December quarter valuation.

Notably, AUHPT's medical centre portfolio reports a widely differing WALE and WACR to that of the hospital portfolio. The nature of small but specialised medical centres lends itself to shorter leases as practices outgrow their specific locations and tend to move to larger spaces. Differently, aged care facilities operate much the same way as hospitals in terms of infrastructure requirements and longevity of the tenants.

Geographically, AUHPT's aged care facilities and medical centres are diversified across Australia in much the same way as its hospital portfolio, with the largest focus again being the Queensland market at c. 41% of the portfolio. In terms of tenants, the smaller and more specialised nature of medical centres allows for a broader array of different businesses. Below we present the geographical diversification and tenant breakdown of AUHPT's aged care facilities and medical centre portfolio⁶⁷.

⁶⁷ Based on available information, for multi-tenanted properties we have include the major tenant only.

AUHPT AC⁶⁸ and MC⁶⁹ Geographic BreakdownAUHPT AC⁷⁰ and MC⁷¹ Tenant Breakdown

Source: AUHPT 31 March 2021 Fund Update

4.3 Development Pipeline

AUHPT's development pipeline consists of c. A\$1.1 billion of projects of which circa A\$500 million are unidentified projects (at least based on the information provided by the Trust in the public domain). Development projects are usually structured so that construction and project delivery risk are separated, transferred or outsourced wherever possible. Development pipelines for REITs are fundamental to their continued growth as a means to maintain and replenish its building stock and resulting return to investors.

AUHPT has three live developments underway (which are not captured in the development pipeline of A\$1.1 million) which are relatively close to completion as outlined below. We have assumed that these close to completion developments are reflected on the balance sheet on a "as completed" basis less capital expenditure yet to be incurred.

- *Beleura Private Hospital* – This is the expansion of an existing facility in Mornington, Victoria. At an estimated cost of A\$23.5 million, the development will result in 28 rehabilitation and 20 mental health beds as well as additional car parking. The project is expected to be completed by July 2021, the last valuation of the property was completed in February 2021.
- *Our Medical* – This relates to an A\$6.8 million conversion of a car show room to a Medical centre in Ashmore, Queensland. The property is operated by Cornerstone Health on a 15 year lease term, with trading expected to commence in late April 2021. The last valuation of the property was completed in November 2020.

⁶⁸ Aged Care.

⁶⁹ Medical centres.

⁷⁰ Aged Care.

⁷¹ Medical centres.



- *Western Hospital* – This development relates to an A\$8.0 million expansion, resulting in the addition of a 4th operating theatre for the South Australian based hospital. This development has achieved practical completion. The last valuation of the property was completed in February 2021.

AUHPT has also eight identified developments and other brownfield and greenfield unidentified⁷² projects in the pipeline as outlined below.

Development pipeline	State	Development manager / tenant	Estimated construction period	Development capital (estimated)
Sunshine Private Hospital (Note 1)	VIC	AUHPT / Unitas	FY21 - FY23	101.7
Kellyville Medical Centre	NSW	Tenant	FY21 - FY22	8.2
Matilda Private Hospital Nepean (Note 1)	NSW	Matilda Health Care	FY21 - FY23	39.2
Weststate Private Hospital	QLD	Tenant	FY21 - FY23	46.0
Herston Private Hospital	QLD	TBA	FY22 - FY23	150.0
Kingswood Private Hospital	NSW	TBA	FY25 +	40.0
QLD Private Hospital	QLD	TBA	FY23 +	200.0
Birtinya Medical Centre	QLD	TBA	FY23 +	30.0
Greenfield sites	NA	TBA	FY23 +	360.0
Brownfield expansions	NA	TBA	FY22 +	150.0
Total development pipeline				1,125.1

Source: AUHPT Investor Day - Development Pipeline Document

We note there are four, early stage shovel ready projects in the development pipeline (refer to the discussion in section 6.1.3 for the risks attached to these developments):

- *Sunshine Private Hospital* – Construction of a new six-level hospital commenced in late April 2021. This A\$101.7 million expansion will result in 51 patient beds and 18 day recovery beds. The development has a 30 year lease commitment from Unitas Healthcare, an operator with potential backing from a private equity sponsor⁷³ which does not appear to have hospital operation experience⁷⁴.
- *Kellyville Medical Centre* – This proposed development relates to an A\$8.20 million long hour medical centre in Nepean, NSW. This project has committed tenants with a 10 year lease term and is expected to commence in August 2021.
- *Matilda Private Hospital* – This NSW development located in the Nepean area is expected to result in a 90 bed sub-acute private hospital. The project cost is estimated at A\$39.2 million and is expected to be complete in May 2022. The development will be leased to Matilda Health Care on a 30 year lease. Matilda Health Care does not appear to have hospital operation experience⁷⁵. We note that there are already 2 private hospitals run by Healthscope and Cura co-located with the Nepean Public Hospital.

⁷² AUHPT may have identified these projects but the details have not been communicated to the market and hence they are referred to as unidentified.

⁷³ Unitas Healthcare, homepage Belay Capital Website, www.belaycapital.com.au.

⁷⁴ Unitas does not appear to currently operate hospitals, with Sunshine Private Hospital being the first, <https://www.unitas.com.au/>.

⁷⁵ Matilda does not appear to currently operate hospitals, with two proposed operations opening in 2022 and 2023, <https://matildahealthcare.com.au/our-hospitals-3/>.



- *Weststate Private Hospital* – This A\$46.0 million development in Queensland is expected to result in a 45 bed private hospital and day surgery. The development has committed tenants with an expected 25 year lease term⁷⁶.

We also note the three other projects in the development pipeline (Herston Private Hospital, QLD private Hospital and Birtinya Medical Centre) have expected construction periods post FY23 and do not have committed tenants. We have only been able to obtain limited publicly available information.

AUHPT currently has A\$360.0 million of planned greenfield projects. These developments are typically new sites without existing medical facilities on undeveloped land. Whilst we have not been able to obtain the development specifics, greenfield sites are typically unproven with greater uncertainty compared with existing brownfield development projects. Refer to section 6.1.3 for details.

AUHPT also has A\$150.0 million of expected brownfield projects, which are typically existing sites with proven operators and accordingly low-risk.

4.4 Financial information

4.4.1 Financial performance

The table below shows AUHPT's audited statements of financial performance for the financial years ended on 30 June 2018, 30 June 2019, 30 June 2020 and the interim 6 month period ended 31 December 2020.

Consolidated Statements of financial performance	FY18	FY19	FY20	1HFY21
A\$000's	Audited	Audited	Audited	Audited
Rental Income	85,169	93,332	90,924	50,084
Property Expenses	(12,123)	(14,046)	(14,909)	(9,416)
Net Property income	73,046	79,286	76,015	40,668
Interest income	338	758	4,514	3,662
Distributions income	7,695	6,492	4,151	2,003
Net (losses)/gains on financial instruments held at fair value	(3,267)	8,727	(34,519)	24,220
Realised loss on disposal of investment property	9,309	(516)	-	-
Net fair value increment of investment properties	66,553	43,232	74,978	94,319
Other income	407	260	138	46
Total income net of property expenses	154,081	138,239	125,277	164,918
Responsible entity's fees	(13,063)	(13,732)	(16,908)	(9,245)
Borrowing costs	(11,792)	(11,777)	(11,777)	(7,347)
Other expenses	(362)	(509)	(575)	(187)
Total expenses, excluding property expenses	(25,217)	(26,018)	(29,260)	(16,779)
Profit before finance costs attributable to unitholders	128,864	112,221	96,017	148,139
Distributions to unitholders	(64,522)	(62,401)	(67,100)	(37,877)
Increase in net assets attributable to unitholders	(64,342)	(49,820)	(28,917)	(110,262)
Total comprehensive income attributable to unitholders	-	-	-	-

Source: AUHPT audited annual and semi-annual reports

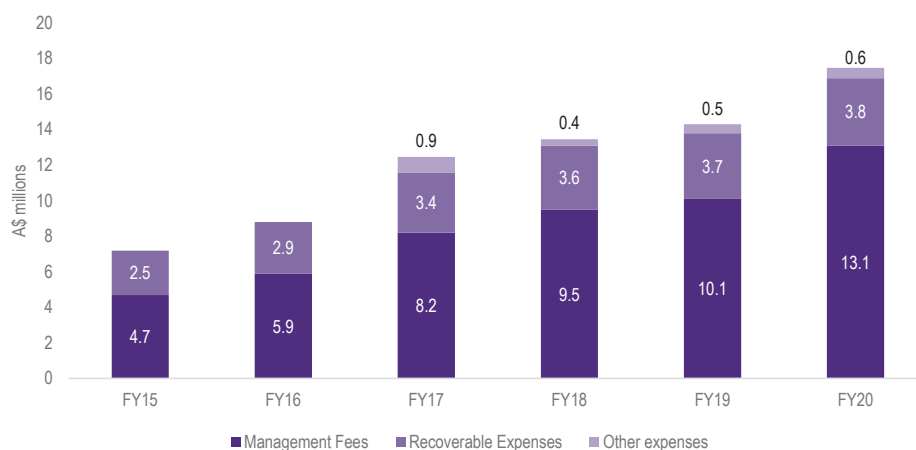
With regards to the financial performance of AUHPT, we note the following:

⁷⁶ AUHPT Investor Day - Development Pipeline Document.



- Rental income has remained stable through the periods 30 June 2018 to 30 June 2019, largely a function of the healthcare industry’s relative demand inelasticity amidst fluctuating economic conditions. Notably, on 7 April 2020 the National Cabinet announced a Mandatory Code of Conduct (“The Code”) that enabled small to medium size businesses suffering financial hardship or stress the ability to apply for rental relief through the form of waivers and deferrals. Accordingly, AUHPT have stated in their FY20 accounts that they held numerous detailed ‘good faith’ discussions with tenants and a resulting A\$35,000 in rental relief was granted under The Code.
- Net losses on financial instruments held at fair value had the largest impact on AUHPT’s profitability throughout FY20 and they include the investment in Arena REIT and in the aged care sector.
- AUHPT has experienced considerable uplift in both of FY20 and H1FY21 in regards to net fair value increment of investment properties, with these increases being c. A\$74.9 million and c. A\$94.3 million respectively. As aforementioned in section 3.1, property within the healthcare industry has experienced sizeable growth over recent years and they have not been particularly affected by the outbreak of COVID-19.
- We note that AUHPT paid increasing fees to the Responsible Entity as a result of the growth in the GAV. The following table shows the historical changes in these fees over time:

Management and other fees



Source: AUHPT audited annual and semi-annual reports
 Note 1: Recoverable expenses include property management and development management fee expenses

4.4.2 Financial position

The table below shows AUHPT’s audited statements of financial position for 30 June 2018, 30 June 2019, 30 June 2020, 31 December 2020 and 31 March 2021.



Consolidated Statements of financial position	30-Jun-18	30-Jun-19	30-Jun-20	31-Dec-20	31-Mar-21
A\$000's	Audited	Audited	Audited	Audited	Mgmt
Assets					
Cash and cash equivalents	168,127	67,935	46,415	67,033	48,400
Receivables	12,927	23,031	13,913	15,201	
Financial assets held at fair value through profit or loss	71,833	64,390	199,438	218,800	
Loan receivables	-	-	124,021	63,911	65,400
Other assets	893	3,198	10,954	8,583	24,130
Properties held for sale	-	-	-	1,511	
investment properties	1,251,269	1,468,513	1,815,534	1,991,366	2,339,830
Total assets	1,505,049	1,627,067	2,210,275	2,366,405	2,477,760
Liabilities					
Distributions payable	16,142	16,949	18,405	20,067	
Payables	5,767	11,345	19,394	7,101	
Financial liabilities held at fair value through profit or loss	-	9,589	7,180	7,057	
Lease liabilities	-	-	3,591	3,497	
Borrowings	173,636	269,568	573,289	642,565	645,090
Other liabilities	-	-	-	-	35,840
Total liabilities	195,545	307,451	621,859	680,287	680,930
Net Assets	1,309,504	1,319,616	1,588,416	1,686,118	1,796,830
Key Performance Indicators					
Number of units (millions)	934	807	926	918	n/a
NTA per Unit (\$)	1.40	1.64	1.71	1.84	n/a
Gearing ratio ¹	11.5%	16.6%	26.1%	27.31%	26.04%

Source: AUHPT audited annual and semi-annual reports

Note 1: Gearing ratio from 30 June 2018 to 30 June 2020 calculated by GTCF as (Borrowings plus lease liabilities) / Total assets. 31 December 2020 and 31 March 2021 is based on information included in the AUHPT Fund Update 31 December 2020 – Wholesale Units and AUHPT Fund Update 31 March 2021 – Wholesale Units respectively.

Note 2: n/a = not available as the information has not been reported in the AUHPT Fund Update 31 March 2021 – Wholesale Units.

In relation to the above, we note the following:

- We note that in the periods between 30 June 2018 and 31 March 2021, AUHPT's properties have materially increased in value by c. 87%. The drivers behind this growth and discussion surrounding the properties is explored further in section 6.1.2.
- Loan receivables has fluctuated greatly over the last year and a half, with a c. A\$60 million decrease between 30 June 2020 and 31 December 2020 as illustrated below.

Loan receivables	30-Jun-19	30-Jun-20	31-Dec-20	31-Mar-21
A\$000's	Audited	Audited	Audited	Mgmt
Loans to related party	17,959	37,646	772	
Loans to tenants	-	86,375	63,139	
Total	17,959	124,021	63,911	65,400

Source: AUHPT audited annual and semi-annual reports

Loans to related party refers to the loans provided by AUHPT to Herston Car Park Company to fund development of the car park and a subsection of the common area accompanying the Herston Quarter Redevelopment Project. Repayment of the loan occurred after the relevant authority provided an occupancy certificate with regard to the STARS development project. Loans to tenants on the other hand is comprised of six separate loans to six separate aged care properties, all of which were acquired from Infinite Care in FY20. These acquisitions included the advancement of loans to Infinite Care to help finance lessee costs of refurbishing and fitting out the properties. The loans themselves



are payable over four years with interest payable on a quarterly basis and are secured by a fixed and floating charge over the assets of the respective leases.

- With regard to properties held for sale, AUHPT entered into a settlement agreement for the sale of the Beleura Clinic for A\$1,511,000 on 21 December 2020. The settlement occurred on 22 February 2021.
- AUHPT's borrowings as at 31 December 2020 were constituted by a bank loan facility that is secured by a first registered mortgage over the Trust's properties. This bank loan facility is comprised of four separate tranches as illustrated below:

Bank Loan A\$000's	31-Dec-20 Audited	Expiry Date
Tranche A	370,000	22-Jan-23
Tranche B	282,000	22-Jan-23
Tranche C	100,000	22-Jan-23
Tranche D	100,000	22-Jan-25
Total	852,000	

Source: AUHPT audited annual and semi-annual reports

As at 31 December 2020, only c. A\$646.2 million has been drawn down from the total available facility and, when accompanied by an unamortised borrowing cost amount of A\$(3.635) million, reconciles back to the c. \$642.7 million shown on AUHPT's balance sheet.

- As at 31 December 2020, AUHPT's NTA per unit was A\$1.84, a c. 7.1% increase from the 30 June 2020 NTA of A\$1.71.

4.4.3 Cash flows

The table below shows AUHPT's audited statements of cash flows for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and the interim 6 month period ended 31 December 2020



Consolidated Statements of financial performance	FY18	FY19	FY20	1HFY21
A\$000's	Audited	Audited	Audited	Audited
Cash flows from operating activities	-	-	-	-
Interest received	157	84	1,396	2,811
Distributions and other income received	7,466	7,163	3,263	2,925
Collection of financing receivables	-	-	4,591	4,635
Rental income received	80,875	91,544	84,865	51,354
Payments to suppliers	(21,626)	(27,823)	(34,054)	(18,472)
Net cash inflow from operating activities	66,872	70,968	60,061	43,253
Cash flows from investing activities				
Purchase of investment properties	(55,728)	(45,185)	(14,675)	(31,670)
Acquisition costs on purchases	(3,910)	(2,290)	(1,324)	(4,995)
Proceeds from / (advanced to) related party for loans	(6,146)	(10,431)	(17,981)	37,766
Payments for additions to owned investment properties	(91,830)	(144,263)	(236,577)	(57,169)
Proceeds from sale of investment properties	50,000	27,375	-	-
Payments for potential acquisitions	-	-	(8,603)	(344)
Disposal costs paid	(385)	(456)	-	-
Purchase / (proceeds) of financial instruments held at fair value	(6,956)	25,632	(165,097)	(31)
Proceeds from / (advanced to) tenants for loans	-	-	(86,375)	23,236
Net cash outflow from investing activities	(114,955)	(149,618)	(530,632)	(33,207)
Cash flows from financing activities				
Proceeds from applications by unitholders	240,348	614	291,493	187
Payments for redemptions by unitholders	(48,879)	(46,431)	(61,426)	(18,456)
Distributions paid	(50,266)	(55,484)	(55,828)	(30,506)
Proceeds from/(repayments of) borrowings	(14,900)	94,500	302,200	68,900
Borrowing costs paid	(10,985)	(14,741)	(16,450)	(9,040)
Payment of lease liabilities	-	-	(182)	(94)
Interest rate derivative break costs paid	-	-	(10,756)	-
Finance establishment costs paid	(6,163)	-	-	(419)
Net cash (outflow)/inflow from financing activities	109,155	(21,542)	449,051	10,572
Net change in cash and cash equivalents	61,072	(100,192)	(21,520)	20,618
Cash and cash equivalents at the beginning of the period	107,055	168,127	67,935	46,415
Cash and cash equivalents at the end of the period	168,127	67,935	46,415	67,033

Source: AUHPT audited annual and semi-annual reports

In relation to the above, we note the impact of the following key line items:

- Net cash from operating activities has remained relatively stable between the period ending 30 June 2018 through to 30 June 2020, primarily a function of consistent rental income.
- The considerable development pipeline and capital expenditure over recent years drove the additions to owned investment properties.
- Net cash inflow from financing activities increased greatly y-o-y from FY19 to FY20, largely driven by AUHPT opening up applications for investors during the year as well as a c. A\$207.7 million draw down on the existing bank loan.



4.4.4 Capital Structure and distributions

AUHPT currently has three classes of units available for investment, these being Wholesale Units, Retail Units and Class A Units. A breakdown of each of the individual units are as followed:

- *Wholesale Units & Retail Units* – Wholesale and Retail units follow the same quarterly withdrawal / distribution. The primary difference between retail and wholesale units are the investment minimums, level of management fees and adviser remuneration.
- *Class A Units* – Class A units are designed to meet the requirements of public offer superannuation fund trustees that require a largely liquidity threshold. Accordingly, AUHPT's Class A unitholders have a higher exposure to cash, c. 20% of net assets, available through an exclusive special cash reserve that pays out withdrawals monthly. Resultantly, the increased liquidity exposure means that Class A unitholders have decreased property exposure and this is reflected in decreased performance of the units relative to the others.

Based on a copy of the Unitholders register dated 24 February 2021 on a cum-distribution basis and assuming certain distribution reinvestment elections, NorthWest has estimated the Trust has 922 million Units on issue on or around the date of this Report. We have reviewed the methodology adopted by NorthWest and it appears reasonable. For the purpose of the number of units on issue for each respective unit class, refer to section 6.1.7.

Type of Units	No. of units assumed for the purpose of calculating units prices (Estimated)	Units prices ⁷⁷ as at 24 February 2021	Rights attached
Wholesale Units	656,867,400	A\$2.1013	<ul style="list-style-type: none"> • Withdrawals for Wholesale Units or Retail Units are paid quarterly. • The maximum total amount available for Withdrawals each quarter is 2.5% of the net asset value of the relevant class of Units on issue (although AUFM has the discretion to alter this amount). If this amount is exceeded, Withdrawals may be met on a pro rata basis. • A Withdrawal request for Wholesale Units or Retail Units must be received by AUFM by 3:00 pm at AUFM's Melbourne office on or before the quarter end date to receive the Withdrawal Price as at the cut-off date. Otherwise, the Withdrawal request will be processed in the following quarter. • Both Wholesale and Retail Units have buy and sell spreads of 0.50%. • With regard to investment minimums, Wholesale Units have initial and additional investment minimums of A\$5,000 and A\$1,000, whereas Retail Units have initial and additional investment minimums of A\$1,000 and A\$500 respectively. • Wholesale Units have management costs comprising 0.95% p.a. of GAV, whilst Retail Units have higher costs of 1.35% of GAV plus an additional contribution fee of 4.1% of contributed capital.
Retail Units	86,733,741	A\$2.1537	
Class A Units	178,290,610	A\$1.3309	

⁷⁷ Cum-dividend



Class A Units. If this amount is exceeded, Withdrawals may be met on a pro rata basis.

- Quarterly Withdrawals will be met from AUHPT's general cash holding.
- A Withdrawal request for Class A Units must be received by AUFM by 3:00 pm at AUFM's Melbourne office on or before the 28th of the month to receive the Withdrawal Price as at the cut-off date. Otherwise, the Withdrawal request will be processed in the following month.
- Class A Units are subject to an initial and investment minimum of A\$5,000 and A\$1,000 respectively as well as buy and sell spreads of 0.40%.
- Managements costs of 0.95% p.a. of GAV are payable and Class A Units are not subject to a contribution fee.

AUHPT pays quarterly distributions every year for the periods ended 30 September, 31 December, 31 March and 30 June. AUHPT's historical distributions:

Distribution Metrics	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Cents per unit				
Wholesale Units				
31-Dec	1.289	2.055	2.414	
30-Sep	2.141	2.005	2.133	
30-Jun	2.138	2.395	2.192	
31-Mar	2.826	0.787	2.028	2.505
Total - Wholesale Units	8.394	7.242	8.767	2.505
Retail Units				
31-Dec	1.181	1.818	2.272	
30-Sep	1.977	1.797	2.025	
30-Jun	1.984	2.212	2.080	
31-Mar	2.660	0.729	1.877	2.567
Total - Retail Units	7.802	6.556	8.254	2.567
Class A Units				
31-Dec	0.738	1.080	1.311	
30-Sep	1.228	1.086	1.156	
30-Jun	1.215	1.284	1.212	
31-Mar	1.638	0.439	1.128	1.322
Total - Class A Units	4.819	3.889	4.807	1.322

Source: Australian Unity website – Distribution information

As per AUHPT's policy, this distributable income can be paid to Unitholders in the form of either cash, the Distribution Reinvestment Plan ("DRP") or a combination of them.



5 Valuation methodologies

5.1 Introduction

We have assessed the value of the Trust using the concept of fair market value. Fair market value is commonly defined as *“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 provides valuable guidance and outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”)
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”)
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”)
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”)
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this Report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing its report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, the expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



5.3 Selected valuation methodologies

Our valuation assessment has been based only on publicly available information and without having access to the Management or Directors of AUHPT and AUFM.

In our assessment of the fair value of the Trust, Grant Thornton Corporate Finance has relied on a number of valuation methodologies as outlined below:

- *Net Assets approach ("Net Assets")*: Grant Thornton Corporate Finance has adopted the Net Assets approach due to the following key considerations:
 - It is the most commonly adopted valuation approach for REITs.
 - It is appropriate for AUHPT as the value lies in the underlying properties whose fair market value has been recently estimated. We note that ASIC requires RE's of unlisted property schemes available to retail investors to provide a statement addressing the key benchmarks and disclosure principles outlined in the ASIC Regulatory Guide 46: Unlisted Property Schemes – Improving disclosure for retail investors⁷⁸. ASIC Benchmark 4 relates to the Valuation Policy which requires valuers to be independent, rotated, registered or licensed and valuations to be performed before a property is purchased as well as within two months of any suspected material changes in value. For development opportunities in the construction phase, property valuations are generally conducted once every 18 months.

AUHPT Units are not listed on any stock exchanges but they are redeemed on a regular basis in accordance with the terms of the Constitution.

The Net Assets Approach requires a valuer to determine the market value of the assets and liabilities at the valuation date, before deducting an allowance for the capitalised value of corporate costs incurred to manage the underlying properties and other adjustments.

- *Cross checks*: In our valuation cross-check, we have had regard to the premium / discount to net assets, distribution yields and WACR implied in the Proposed Transaction and compared them with those of the comparable listed REITs and recent transactions.

⁷⁸ Continuous Disclosure Notice, 6 January 2021.



6 Valuation assessment of AUHPT units

6.1 Net Assets Approach

6.1.1 Introduction

In order to derive the market value of AUHPT, we have made the following adjustments to the net assets as at 31 December 2021:

- Pro-forma adjustments of AUPHT's property portfolio to reflect the various revaluations completed in February, March and April 2021⁷⁹ plus the application of a portfolio premium.
- Capitalised value of corporate costs incurred to manage the Trust net of the synergies and cost savings that may be realised by a pool of potential purchasers.
- FFO expected to be generated between 31 December 2020 and expected completion of the Proposed Transaction net of the expected quarterly distributions during this period.
- Adjustments for other assets, liabilities and transaction costs to reflect the updated balances per the 31 March 2021 Fund Update.

The valuation assessment of AUHPT is calculated in the table below:

Valuation assessment summary A\$ million unless stated otherwise	Section Reference	Low	High
Value range of AUHPT investment properties	6.1.2	2,329.2	2,329.2
Portfolio premium / (discount)	6.1.4	10%	15%
Value range of AUHPT investment properties and developments		2,562.2	2,678.6
Capitalised Corporate Overhead net of cost savings	6.1.5	(121.8)	(77.3)
Forecast FFO net of distributions	6.1.6	-	-
Pro-forma other net assets / (liabilities)	6.1.7	(460.3)	(460.3)
Value of AUHPT		1,980.1	2,141.0
Value per unit (A\$):			
Wholesale Units	6.1.8	2.31	2.49
Retail Units	6.1.8	2.36	2.55
Class A Units	6.1.8	1.46	1.58

Source: Management information, GTCF analysis

6.1.2 Valuation of the Properties

Grant Thornton Corporate Finance have relied on the valuation assessment of the properties undertaken by AUHPT and disclosed in the public domain as set out below.

⁷⁹ AUHPT website, <https://www.australianunity.com.au/wealth/investment-options/property/healthcare>, 5 May 2020.



Pro-forma other net assets / (liabilities) A\$ million unless stated otherwise	Section Reference	Portfolio Valued %	Value
AUHPT 31 December 2020 property valuations	Note 1		2,134.7
February 2021 property revaluation increase	Note 2	56.0%	114.8
March 2021 property revaluation increase	Note 3	8.3%	10.2
AUHPT 31 March 2021 property valuations	Note 4		2,260.3
April 2021 property revaluation increase	Note 5	56.6%	68.3
Value of AUHPT investment properties as at 30 April 2020			2,329.2

Source: Management information, GTCF analysis

Note 1: Development capital balance updated per the 31 March 2021 Fund updated

Note 2: Have displayed to 1 decimal place only due to rounding

- Note 1** – This is the starting point of the valuation of the properties which is based on the reviewed balance sheet as at 31 December 2020 with total property value of \$2,135 million. There are 66 properties recorded, including the October 2020 acquisition of 39-43 Orth Street, Kingswood NSW, and the December acquisition of 205 St Albans Road, St Albans, VIC. The valuation of Herston Quarter (23.1% of the book value of the properties) was updated in December 2020 whereas 19 other properties (23.7% of the properties book value) in November 2020 and the balance throughout 2020.
- Note 2** – On 22 February 2021, AUHPT updated the valuation of 56% of the properties (by total book value) which resulted in a net increase of A\$114.8 million. Total borrowing was c. A\$640 million which was substantially in line with 31 December 2020. We also note that on 5 February 2021, the Trust announced the settlement of two properties for a total purchase price of A\$2.4 million, however we have assumed that this will cause no changes in the net assets as it is assumed to be funded from the existing cash resources or by drawing down additional debt.
- Note 3** – On 6 April 2021, AUHPT announced that in March 2021, 8.30% of the properties (by book value) was independently valued that resulted in a net increase of A\$10.2 million which we have reflected in our valuation assessment. Two properties acquired for A\$2.5 million (plus transaction costs) also settled. We also note borrowing increased substantially by the same amount accordingly we have not made any net adjustments to the balance sheet for these settlements.
- Note 4** – AUHPT provided the market with the 31 March 2021 Fund Update. The update reported net assets of A\$1,797 million and GAV of A\$2,478 million. The Trust noted that net debt had increased materially from A\$645 million as at 31 March 2021 to A\$663.4 million as at 30 April 2021. The book value of properties disclosed in this Fund Update form the basis of our investment properties.
- Note 5** – On 5 May 2021, AUHPT announced that it revalued a further eight properties as at 30 April 2021 resulting in a valuation uplift of A\$68.34 million. The largest increases in value were driven by the revaluation of STARS Herston and Peninsula Private Hospital, with both capitalisation rates reducing from 4.75% to 4.50%.

Grant Thornton Corporate Finance has also been provided access on a non-reliance basis to the independent, third-party property valuations commissioned by NorthWest. The assessment was performed by the Independent Valuer on a desktop basis only, such that the report was prepared exclusively using information available in the public domain. The properties have been assessed on a standalone individual basis as at April 2021 and without considering the value in the context of an aggregated portfolio.

We have reviewed the approaches utilised for each individual property and we have concluded the following:



- The valuer has confirmed that it is independent of both AUHPT and NorthWest, noting that the valuer was engaged by NorthWest.
- The property valuations were undertaken by well-regarded valuation practitioners who have the necessary experience and qualifications in accordance with the standards of the Australian Property Institute.
- The assessment was performed on a desktop basis with only reliance on publicly available information. The Independent Valuer considered both income and market approaches in their assessment, which is common in the industry. The valuation excluded the development pipeline.
- The assets pending development and the pipeline of greenfield and brownfield opportunities have not been separately valued.

As part of our procedures, we have held several discussions with the Independent Valuer and NorthWest Management regarding the valuations methodologies and key assumptions. This has helped inform our view on capitalisation rates, yields and other property specific adjustments.

We note that the third party property valuations are substantially in line with the property values updated by AUHPT as at 30 April 2021 which accordingly have been adopted for the purpose of our valuation assessment.

6.1.3 Development pipeline

When assessing the market value of AUHPT, it is important to consider any latent value embedded in the development pipeline that may not be captured in the Pro-Forma Adjusted NTA. We note that the land and costs incurred in conjunction with each individual development⁸⁰ plus the three live developments currently underway which are relatively close to completion are already reflected in the 30 April property values. We have set out below an outline of the development pipeline sourced from the 13th April 2021 investor day and the 31 March Fund Update:

⁸⁰ Assets held pending development.



Development pipeline	State	Development manager / tenant	Estimated construction period	Development capital (estimated)
Sunshine Private Hospital (Note 1)	VIC	AUHPT / Uitas	FY21 - FY23	101.7
Kellyville Medical Centre	NSW	Tenant	FY21 - FY22	8.2
Matilda Private Hospital Nepean (Note 1)	NSW	Matilda Health Care	FY21 - FY23	39.2
Weststate Private Hospital	QLD	Tenant	FY21 - FY23	46.0
Herston Private Hospital	QLD	TBA	FY22 - FY23	150.0
Kingswood Private Hospital	NSW	TBA	FY25 +	40.0
QLD Private Hospital	QLD	TBA	FY23 +	200.0
Birinyia Medical Centre	QLD	TBA	FY23 +	30.0
Greenfield sites	NA	TBA	FY23 +	360.0
Brownfield expansions	NA	TBA	FY22 +	150.0
Total development pipeline				1,125.1

Source: Management information, GTCF analysis

Note 1: Development capital balance updated per the 31 March 2021 Fund updated

Using publicly available information and discussions with NorthWest development management and the Independent Valuer, we have considered the potential prospects, risk and opportunities attached to each of the development projects to ascertain whether there is any material latent value which has not been captured in the reported net assets as at 30 April 2021.

- Sunshine Private Hospital** – This development is co-located with the existing Sunshine Public Hospital and we note the property was purchased in 2017. The development has lease commitments from Uitas Healthcare, an operator with backing from a private equity sponsor⁸¹, which does not appear to have hospital operation experience⁸². We also note that AUHPT will be the primary development manager for this project, a risk that is usually borne by the tenants in the other pipeline projects, however it seems that AUHPT has mitigated some of the development risk through the use of a Guaranteed Maximum Price⁸³. We understand that there has been extensive consultation in Melbourne's West about a private sector hospital being built on public land which however has consistently been rejected. In addition, the demographic of Melbourne West, with young families and lower take-up of private health insurance, may create some challenges in obtaining the required commitments from health funds and doctors for the development to be successful. AUHPT currently owns a day Surgery and Clinic at the site with a book value of \$32.5 million⁸⁴. It appears that this facility will be demolished as part of the development⁸⁵. We note that the site may be subject to overcapitalisation with an A\$101.7 million development capital only resulting in 69 beds⁸⁶ and demolition/write-off of the existing day hospital and medical consulting asset. We are of the opinion that there are significant risks underlying the development in terms of timing, operator, capital expenditure required upfront and number of initial beds.
- Kellyville Medical centre** – Whilst this is quite a small development, we note the AUHPT has disclosed⁸⁷ project cost realisation of 5.4% which is expected to equal the approximate valuation cap

⁸¹ Uitas Healthcare, homepage Belay Capital Website, www.belaycapital.com.au.

⁸² Uitas does not appear to currently operate hospitals, with Sunshine Private Hospital being the first, <https://www.uitas.com.au/>.

⁸³ AUHPT Fund Update 31 March 2021.

⁸⁴ Valued in May 2020.

⁸⁵ Uitas Healthcare, homepage Belay Capital Website, www.belaycapital.com.au.

⁸⁶ 13th April 2021 investor conference. However, we note that the A\$101.7 million may refer to a larger footprint than necessary to accommodate 69 beds in order to take into account for future growth and expansion.

⁸⁷ 13th April 2021 investor conference.



rate of 5.4% for this development, suggesting there is limited upside from completion of the project compared with the cost to be incurred.

- Matilda Private Hospital* – We note this is a relatively crowded precinct in the Nepean area with strong competition from existing private facilities. The Healthscope run Nepean Private Hospital is currently co-located with the public Nepean Hospital and there is significant land for expansion surrounding the facility. The proposed operator, Matilda Health Care, does not appear to have hospital operation experience⁸⁸. Further, the project cost rentalisation of 5.75% is only 25 bps higher than the approximate valuation cap rate of 5.5%⁸⁹.
- Weststate Private hospital* – We understand that AUHPT plans to develop Weststate Private Hospital, a 45 bed multi-disciplinary private hospital and day surgery based in Townsville⁹⁰. Whilst we understand that there is market appetite for another private hospital in the area, this site is not co-located with an existing hospital or health precinct. Accordingly, this would most likely be operated under a doctor equity model, which could potentially rule out Tier 1 operators⁹¹ dependent on the perceived level of development risk. The property was originally a state school and part of it will be converted into the hospital as part of the development. We also note that it is reported that the company established to submit the development approval for this property conversion, Weststate Consortium Pty Ltd, has gone into liquidation due to a dispute between investors⁹². Based on the available information and given the project cost rentalisation of 6.85% is only 35 bps higher than the approximate valuation cap rate of 6.5%⁹³, we do not consider there to be significant latent value with this opportunity.
- Herston Private Hospital* – We understand that no committed tenants have been announced for this site. As discussed in section 3.2, Brisbane is a highly competitive market with one of the highest number of private beds per capita in Australia, with many established operators already in the area. We also note the development appears to have experienced significant delays from its initial delivery time frame when completion was initially targeted in 2020⁹⁴. As such, given the material uncertainty with regard to the operator and timing of the development, we are of the opinion that the potential value uplift in relation to this development is limited.
- Kingswood Private Hospital* – With an estimated construction start date of at least 2025⁹⁵ and no committed tenants, there is a high degree of uncertainty associated with this development.
- Queensland Private Hospital* – This is a mixed-use site in Logan, Queensland. AUHPT purchased it through a put and call option in July 2020. The development is not directly co-located with the Logal Hospital and is separated by a four lane highway that is planned to be upgraded to six lanes in the near future. As such, a physical link bridge between the public hospital and AUHPT development could be considered unlikely⁹⁶. There are also no committed tenants and significant potential for competitors in the area. Given the speculative nature of this development and the A\$200 million

⁸⁸ Matilda does not appear to currently operate hospitals, with two proposed operations opening in 2022 and 2023, <https://matildahealthcare.com.au/our-hospitals-3/>.

⁸⁹ 13th April 2021 investor conference.

⁹⁰ Ibid.

⁹¹ We consider Tier 1 operators to be preferable tenants, due to their proven operational and profitability track record. Examples of Tier 1 operators include Ramsay and Healthscope.

⁹² Townsville Bulletin, 7 Oct 2020.

⁹³ 13th April 2021 investor conference.

⁹⁴ AUHPT Website, Redevelopment overview, Herston Quarter.

⁹⁵ 13th April 2021 investor conference.

⁹⁶ Hospital link bridges are generally considered highly advantageous as they provide a more seamless transfer between public and private patients and staff.



capital expenditure⁹⁷ required, we are of the opinion that there is limited additional value to be considered.

- *Birtinya Medical centre* – This development is expected to start in 2023 and does not have any committed tenants. This is a highly competitive area, and given the location opposite Sunshine Coast University Hospital, we have assumed there is a low likelihood of developing this site into a hospital, instead being more suited to a potential carpark or medical office building.
- *Greenfield sites* – AUHPT has provided no information in relation to these greenfield sites, therefore we have assumed that these are highly speculative sites without tenants or ownership of the underlying property.
- *Brownfield expansion* – Specific brownfield developments, hospital upgrades and expansion are common within the market. Given that tenants would most likely be secured and the sites are already operational, there is a higher probability of success and potential for development margin.

We have considered the above qualitative comments on the development pipeline into our assessment of the portfolio premium discussed below.

6.1.4 Portfolio premium

In our assessment of the portfolio premium applicable to the properties, we have taken the following into account:

- There is limited latent value in the properties given that most of the valuations are current and undertaken between February and April 2021.
- The acquisition of an unlisted REIT does not qualify for concessional landholder duty rates applicable to certain listed REITs in some jurisdictions and accordingly the stamp duty savings by acquiring an unlisted REIT rather than assets directly are more limited compared with purchasing the same portfolio of assets by acquisition of a listed REIT.
- The upside potential on most of the development pipeline projects is yet to be demonstrated, however, even if the information in the public domain is limited, there is some value in such a large number of development projects.
- We have separately considered the synergies available to a pool of potential purchasers in our assessment of the corporate costs.

We have also analysed below the portfolio premium applied in the valuation of listed REITs by independent experts in relation to change of control transactions.

⁹⁷ 13th April 2021 investor conference.



Portfolio premium applied by Independent Experts ⁽¹⁾	Transaction	Deal	Portfolio	Portfolio
Target companies	Date	value (A\$m)	Premium - Low	Premium - High
Tier 1 : Social Infrastructure REIT				
Healthscope Portfolio Acquisition	Jun-19	1200	0%	0%
Folkestone Limited	Aug-18	206	0%	0%
Generation Healthcare Management	Jun-17	508	0%	0%
Arena REIT	Dec-14	293	0%	0%
Tier 2: Other REITs				
Australian Unity Office Fund	Oct-19	495	5.0%	10.0%
Australian Unity Retail Property Fund	Oct-19	250	0.0%	5.0%
Investa Office Fund	Oct-18	3,351	0%	0%
Centuria Urban REIT	Apr-17	170	0%	0%
Brookfield Prime Property Fund	Mar-17	436	0%	0%
GPT Metro Office Fund	Jun-16	321	6.1%	10.8%
Novion Property Group	Jun-15	7,662	0%	0%
Commonwealth Property Office Fund	Dec-13	2,813	3.9%	5.9%
Charter Hall Officer REIT	Jan-12	1,228	0%	0%
Valad Property Group	Apr-11	207	0%	0%
Rabinov Property Fund	Apr-11	50	0%	0%
Westpac Office Trust	Apr-10	415	0%	0%

Source: Management information, GTCF analysis

Note 1 - We note that the portfolio premium refers to a premium applied to the underlying valuation of the properties to take into account specific attributes of the portfolio. The premium to net assets generally refers to the premium of the offer price compared with the latest reported net assets which may take into account, among other things, the bidder's view of the portfolio premium.

Note: We have not included nil values in our summary statistics

Based on the above quantitative and qualitative analysis, we have applied to the valuation of the properties a portfolio premium between 10% and 15%. This is at the high-end of the portfolio premium adopted by Independent Experts in other REITs transactions.

6.1.5 Corporate costs

As the value of the properties does not reflect the costs of management and administration of AUHPT, we have considered in our valuation assessment an appropriate level of ongoing costs that are required to support the management of the portfolio. We have set out below AUHPT's historical management cost.

Summary of Operating cost assessment					
A\$000 unless stated otherwise	FY17	FY18	FY19	FY20	1HFY21
Responsible entity fees	8,205	9,454	10,062	13,114	9,245
Administrative expenses	3,408	3,609	3,670	3,794	-
Other expenses	860	362	509	575	187
Total	12,472	13,425	14,241	17,483	9,432

Source: AUHPT historical information, GTCF Calculations

Based on the portfolio value as at 30 April 2021, we have assessed a maintainable level of on-going Management expense fees of between c. A\$20 million to c. A\$21 million.

Given our valuation assessment is on a 100% and control basis, we have considered whether a pool of potential purchasers may achieve any savings in relation to these costs. The quantum and extent to which such savings may be realised is inherently uncertain and will vary based upon both the different types of



potential acquirers and the circumstances of individual potential acquirers. In the case of any other hypothetical buyer, it is likely that such a buyer may have an existing investment platform and accordingly it will equally seek to remove both the RE and the Manager and absorb the management of the underlying assets within its existing structure. In our assessment of the corporate costs, we have also received advice and prepared our analysis on the basis that termination fees are not payable to the RE in this instance.

In our assessment of the potential synergies, we have also considered the synergies adopted by Independent Experts or disclosed by acquires in other transactions as set out in the table below.

Synergies in precedent transactions				
Date	Target	Acquirer	REIT Management	Proportion of synergies (%)
Acquirer / Target disclosed synergies:				
2016	Investa Office Fund	Dexus	External	73.3%
2016	Commonwealth Office Property Fund	GPT	External	82.9%
2016	Grow thpoint Properties	GPT	External	50.0%
Date	Target	Acquirer	REIT Management	Proportion of synergies (%)
Synergies in IERs:				
2019	Australian Unity Retail Property Fund	AU DPF	External	50% to 75%
2019	Australian Unity Office Property Fund	CHC / ABP	External	50% to 75%
2018	Investa Office Fund	Blackstone	Internal	70% to 80%
2018	Propertylink	ESR	Internal	40% to 60%
2017	Generation Healthcare ¹	NWH	External	70%
2016	GPT Metro Office Fund ¹	Grow thpoint	External	72% to 86%
2018	Centuria Urban ¹	Centuria Office	External	68%
2017	Brookfield Prime ¹	Brookfield	External	69% to 77%
GT assessed level of Synergies				70% to 80%

Source: GTCF analysis, Target Statements, Independent Experts Report and other publicly available information

Note (1): The synergies are sourced from the Independent Expert Report prepared for Investa Office Fund in November 2018; (2) Other information is based on information published in Target Statements or the respective Independent Expert's Report prepared in connection with the transactions.

Based on the above, we have assumed that a pool of potential purchasers will be able to achieve synergies of between 70% and 80% of the ongoing cost to be incurred by AUHPT which we have capitalised at the WACR as at 30 April 2021.

6.1.6 Forecast FFO and distributions

We note that the balance sheet of AUHPT adopted as a starting point for our valuation assessment is dated 31 December 2020 and it includes a distribution provision of A\$20.1 million. The Trust pays distribution on a quarterly basis and it has a consolidated history of distributing to unitholders substantially 100% of the FFO as set out in the table below.



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Forecasted Funds from Operations	FFO	Distributions	Ratio
A\$ million unless stated otherwise			FFO / Distributions
Year ended 30 June 2015	41.7	38.4	92.1%
Year ended 30 June 2016	44.6	45.1	101.1%
Year ended 30 June 2017	48.8	60.5	124.1%
Year ended 30 June 2018	65.6	64.5	98.4%
Year ended 30 June 2019	66.2	62.4	94.3%
Year ended 30 June 2020	64.3	67.3	104.7%
Average - All	55.2	56.4	102.4%
Median - All	56.5	61.4	99.8%
Expected annual FFO	65.0		
Accrued FFO - 31 December 2020 to 30 April 2021	21.7		
Payout ratio	100%		
Accrued distributions - 31 December 2020 to 30 April 2021	21.7		

Source: Management information, GTCF analysis

As a result, we have not adjusted the balance sheet as at 31 December 2020 for the cash to be generated up to completion as this is assumed to be distributed to unitholders on a quarterly basis. In accordance with the terms of the Proposed Transaction, the Cash Price will be reduced by the amount of any quarterly or other distributions which AUHPT unitholders receive.

6.1.7 Other assets, liabilities and transaction costs

We have calculated the following balances for other net assets and liabilities relating to AUHPT using the 31 March 2021 Fund Update:

Pro-forma other net assets / (liabilities)	Section Reference	Low	High
Arena REIT holding	Note 1	85.7	85.7
Loan receivables	Note 2	65.4	65.4
Cash and cash equivalents	Note 3	48.4	48.4
Gross debt	Note 3	(645.1)	(645.1)
Other assets and liabilities	Note 4	(11.7)	(11.7)
One-off transaction costs	Note 5	(3.0)	(3.0)
Pro-forma other net assets / (liabilities)		(460.3)	(460.3)

Source: Management information, GTCF analysis

- Note 1 Arena REIT** – One of the key non-operating assets of AUHPT is its holdings in the listed Arena REIT. AUHPT is the second largest shareholder with 25,669,831 units, representing c. 7.6% of the outstanding units as at 17 August 2020. Using the 1 week VWAP per unit of A\$3.34⁹⁸, we estimate AUHPT's holding in Arena REIT to be valued at c. A\$85.7 million.
- Note 2 Loan receivables** – This relates to loans provided by AUHPT to Herston Car Park Company as well as loans to tenants in relation to the Infinite Care transaction in FY20. We have utilised the balance of A\$65.4 million provided in the 31 March 2021 Fund Update.

⁹⁸ S&P Capital IQ calculated as at 18 May 2021.



- *Note 3 Cash and gross debt* – As detailed in Section 4.5.2, this relates to debt and lease liabilities as well as cash and cash held in the Class A reserve provided in the 31 March 2021 Fund Update.
- *Note 4 Other assets and liabilities* – We have adopted the value as at 31 March 2021⁹⁹.
- *Note 5 Transaction costs* – We have assumed that AUHPT will incur transaction costs of c. A\$3.0 million.

6.1.8 Number of units on issue

We note that only limited information and disclosure is available with respect to various Units on issue. As part of the Proposed Transaction, NorthWest has developed its own methodology to estimate the number of Units on issue as well as the value allocation and distribution among the Wholesale, Retail and Class A Units. We have reviewed the methodology, assumptions and calculations used by NorthWest and they appear reasonable. Accordingly, we have adopted them for the purpose of our valuation assessment, resulting in the following number of units on issue and value allocation estimated on or around the date of this Report:

- Wholesale: 657 million units constituting 76.5% of net assets.
- Retail: 87 million units constituting 10.3% of net assets.
- Class A: 178 million units constituting 13.2% of net assets.

Refer to the Explanatory Memorandum for further information.

⁹⁹ Calculated as a residual value between the net assets as at 31 March 2021 and all the other assets and liabilities for which specific disclosures have been provided.



7 Valuation cross-check

7.1 Implied multiples/KPIs in the Cash Price

In support of the fairness of the Cash Price and our valuation assessment, we have considered the following:

- Premium / Discount to NTA for listed REITs and comparable REITs transactions.
- The distribution yields and the WACR¹⁰⁰ implied in the Cash Price.

For each of the Units, we have set out below, the premium of the Cash Price compared with the reported net assets as at 31 December 2020 and the Pro-Forma Adjusted NTA together with the implied distribution yield.

Summary of the Offer Price A\$/Unit unless stated otherwise	Footnote Reference	Wholesale Units	Retail Units	Class A Units
Premium to NTAs, Exit price:				
Offer Price (ex-distribution)	1	2.55	2.61	1.62
Reported NTA at 31 December	2	1.96	2.00	1.26
Premium to Reported NTA (%)		30.2%	30.3%	29.0%
Pro-forma Adjusted NTA at 30 April 2021	3	2.17	2.21	1.38
Premium to Pro-forma Adjusted NTA (%)		17.8%	18.0%	17.8%
Exit price at 31 March 2021 - Ex-distribution	4	2.10	2.15	1.33
Premium to Exit price (%)		21.2%	21.2%	21.7%
Distribution Yield (%):				
FY21 Distribution	5, 6, 7	0.0955	0.09895	0.05267
Distribution Yield implied in the Offer Price (%)		3.74%	3.79%	3.25%

Source: GTCF Calculations, AUHPT 1HFY21 Financial Statements, AUHPT 31 March 2021 Fund Update

Notes (1): The Cash Price set out above is on an ex-distribution basis and assumes a completion date of 30 June 2021; (2) The reported net assets are based on the information reported in the Fund Update as at 31 December 2020 (unit price less quarterly distribution); (3) The Pro-forma Adjusted NTA has been adjusted to take into account the valuation uplift from the revaluation of the properties and the changes to the borrowings as set out in the announcement dated 6 May 2021 less the buy and sell spread. (4) Based on the information set out in 31 March 2021 Fund Update. This amount has been adjusted for the March 2021 distributions as the Cash Price is on an ex-distribution basis. For the Retail and Class A Units, we have adopted estimated March 2021 distributions and Fund Updates for the units in that class are not available; (5) For the Wholesale Unitholders, (30 September 2020 – 2.133 cents p.u.; 31 December 2020 – 2.414 cents; 31 March 2021 – 2.5050 cents p.u.; estimated 30 June 2021 – 2.5050 cents p.u.); (6) For the Retail Unitholders, (30 September 2020 – 2.025 cents p.u.; 31 December 2020 – 2.27 cents; 31 March 2021 – 2.8 cents p.u.; estimated 30 June 2021 – 2.8 cents p.u.) (7) For the Class A Unitholders, (30 September 2020 – 1.156 cents p.u.; 31 December 2020 – 1.311 cents; 31 March 2021 – 1.4 cents p.u.; estimated 30 June 2021 – 1.4 cents p.u.)

Whilst we have set out above the metrics implied in the Cash Price for the various classes of Unitholders, throughout the remainder of this section, we have only set out metrics in relation to the Wholesale Units as they represent majority (c. 76.5%) of the total value of AUHPT. Further, as can be seen from the table above, the premiums to net tangible assets and distribution yield for the other classes of Units is substantially in line with or favourable relative to the Wholesale Units.

¹⁰⁰ Calculated based on the Wholesale Units only as they represent c. 76.5% of the total value.



In determining the most comparable companies and transactions for the purpose of our valuation cross-check, we have considered the following characteristics:

- *Type of properties:* Given the peculiar macroeconomic drivers of healthcare properties, we have placed greater reliance on those listed peers and target companies with a similar asset allocation to AUHPT.
- *Internally or externally managed:* We have mainly relied on externally managed REITs as internally-managed REITs have a proportion of their value allocated to management platform which is not reflected on the balance sheet. This is not applicable to AUHPT.
- *Development opportunities:* REITs with a substantial development pipeline tend to trade at a premium to net assets as there is latent value from a combination of the development profit and the valuation uplift on completion.

We have discussed the comparable companies and transactions in the sections below.

7.2 Premium discount to net assets

7.2.1 Listed peers

The following table sets out all the listed comparable companies that we have considered in our analysis along with KPIs.

Comparable Companies	Footnote	Internal/ External	Market Cap	Premium /	Total AUM	Gearing	WALE	WACR	Distribution
Company Name	Ref	Managed	\$m ¹	(Discount) to NTA ²	\$m	Ratio ³	Yrs	%	Yield LTM ¹²
Social Infrastructure REITs									
Northwest Healthcare Properties REIT	4, 7	External	2,745	(3.5%)	7,847	45.2%	14.5	5.80%	6.02%
Charter Hall Social Infrastructure REIT	6, 8, 9	External	1,186	7.9%	1,359	16.1%	14.0	6.10%	4.63%
Vital Healthcare Property Trust	5	External	1,438	17.1%	2,248	32.4%	19.0	5.33%	2.93%
Arena REIT	10	Internal	1,155	47.0%	1,017	24.1%	14.7	6.13%	3.93%
Average - Social Infrastructure REITs			1,631	17.1%		29.5%	15.6	5.84%	
Median - Social Infrastructure REITs			1,312	12.5%		28.3%	14.6	5.95%	
Diversified REITs									
Charter Hall Long Wale REIT		External	2,799	2.3%	4,482	23.1%	14.1	5.18%	5.99%
APN Industria REIT		External	661	8.9%	953	30.2%	5.1	6.16%	5.43%
Office REITs									
Centuria Office REIT		External	1,091	(9.5%)	2,032	35.5%	4.5	5.90%	7.73%
Australian Unity Office Fund		External	388	(12.5%)	681	31.6%	2.6	6.02%	5.99%
Elanor Commercial Property Fund		External	223	(6.7%)	374	34.0%	4.0	6.70%	9.38%
Retail REITs									
BWP Trust		External	2,634	30.0%	2,575	17.1%	4.3	5.84%	4.40%
Charter Hall Retail REIT		External	2,194	(2.8%)	3,380	26.7%	7.7	6.03%	5.64%
APN Convenience Retail REIT		External	436	7.7%	525	20.7%	10.6	6.50%	6.05%
Elanor Retail Property Fund		External	140	(16.9%)	203	17.3%	4.0	7.42%	4.23%
Average - Other REITs			1,174	0.0%	1,689	26.2%	6.3	6.19%	
Median - Other REITs			661	(2.8%)	953	26.7%	4.5	6.03%	
Average - Total REITs			1,314	5.3%		27.2%	9.2	6.09%	
Median - Total REITs			1,155	2.3%		26.7%	7.7	6.03%	

Source: S&P Global, GTCF Calculations, Publicly available information

Notes: (1) Market Capitalisation as at 18 May 2021; (2) Net Tangible Assets - Calculated as at 31 December 2020 based off of historical financials; (3) Gearing ratio is calculated as a ratio of Net Debt / Total Assets; (4) FFO per unit calculated as at 30 June 2020 on an annual basis; (5) Figures are calculated in native base currency CND; (6) Figure are calculated in native base currency NZD; (7) Passing yield used as a proxy for weighted average capitalisation rate (8) This includes the pro-rata proportion of assets under management by NorthWest's funds management platform. It also includes Vital Healthcare's total assets as consolidated as the company has determined that pursuant to the accounting standards that Vital's operations are required to be consolidated (9) Total assets under management also include the value of the developments (10) The



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look-through gearing as at 31 December 2020 was c. 18.1% (11) This refers to the Passing Yield given the company does not report capitalisation rate; (12) We have considered the Passing yield as reported in the financial information released by Arena into the market; (12) Distribution yields are based on ex-distribution prices. (13) Where metrics are presented in their local currency or are calculated on a different basis, an average or median has not been assessed; (14) WACR = Weighted Average Capitalisation Rate, WALE = Weighted Average Lease Expiry.

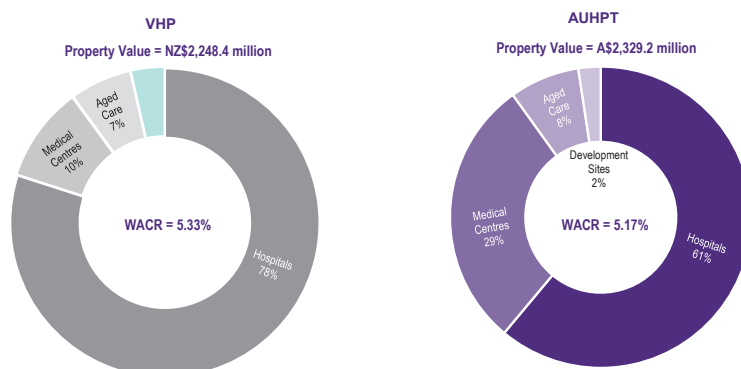
Vital Healthcare Property Trust

VHP is an externally managed REIT that invests in healthcare real estate, primarily hospital, out-patient, aged care and research facilities. It is a landlord to many of Australia and New Zealand's leading private healthcare operators.

VHP recently announced its Q3FY21 fund update. According to this, VHP does not undertake independent valuations in relation to the properties on a quarterly basis. Any changes to the value of the investment properties will be on account of capital expenditure incurred or rent reviews.

As at 31 December 2020, VHP owned 42¹⁰¹ properties with a combined portfolio value of NZ\$2.25 billion¹⁰² with c. 72%¹⁰³ of the properties located in Australia and the balance in New Zealand. We have set out below a comparison between AUHPT and VHP portfolio of properties.

Operational overview of VHP as at 31 December 2020 and AUHPT as at 30 April 2021



Source: VHP 1HFY21 Investor Presentation, AUHPT 31 March 2021 Quarterly Fund Update – Wholesale Units, AUHPT Announcements for Property Revaluations dated 5 May 2021.

Note (1): VHP allocations are approximate and may not agree to reported information due to re-allocation of the portfolio to the development sites. For information purposes only, if we assume an exchange rate of 1 NZ\$ = A\$0.92, the property value of VHP will be A\$2,068.5. Please note the information set out below is representative only and has been provided in order to make a like-for-like-comparison with AUHPT. (2) AUHPT have not provided a breakdown by property type as at 30 April 2021. GTCF have estimated this based on the information as at 31 March 2021 as reported in the AUHPT Fund Update – Wholesale Units and made an adjustment for the property revaluations as reported in the AUHPT announcement dated 5 May 2021. To that extent, there may be rounding differences.

Both trusts are externally managed with broadly similar MER%, development pipeline (c. A\$1.1 billion¹⁰⁴ for AUHPT and c. NZ\$916.5 million¹⁰⁵ for VHP) and similar performance as set out in the table below¹⁰⁶.

¹⁰¹ VHP 1HFY21 Investor Presentation.

¹⁰² Ibid. According to the Investor Presentation, this excludes the value of strategic assets.

¹⁰³ Ibid.

¹⁰⁴ This comprises A\$615.1 million of total development cost on identified projects, A\$150 million of brownfield expansion costs and A\$360 million greenfield costs. This is based on information reported in the AUHPT Investor Day Slides held on 13 April 2021.

¹⁰⁵ This comprises NZ\$356.5 million of total development cost on identified projects plus long-term development potential of NZ\$560 million. This is based on information reported in the 1HFY21 Investor Presentation.

¹⁰⁶ We note that AUHPT has distributed dividends in excess of the FFO. This is not uncommon over the short-term but is not expected to continue into perpetuity. VHP maintains a conservative payout ratio in order to preserve capital for its development pipeline.



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Total Returns		1 year	5 years	10 years	Since inception
	Period		(p.a.)	(p.a.)	(p.a.)
Australian Unity Healthcare Property Trust - Wholesale Units	31-Mar-21	21.6%	14.0%	11.4%	12.1%
Vitalhealthcare Property Trust - Retail	31-Dec-21	19.8%	16.3%	17.6%	14.7%
Summary of various metrics		30-Jun-20			31-Mar-21
		FFO yield	Dividend yield	Payout ratio	WALE Gearing
Australian Unity Healthcare Property Trust		3.1%	3.7%	120.8%	15.7 26.0%
Vital Healthcare Property Trust		3.7%	3.0%	81.6%	18.10 32.4%

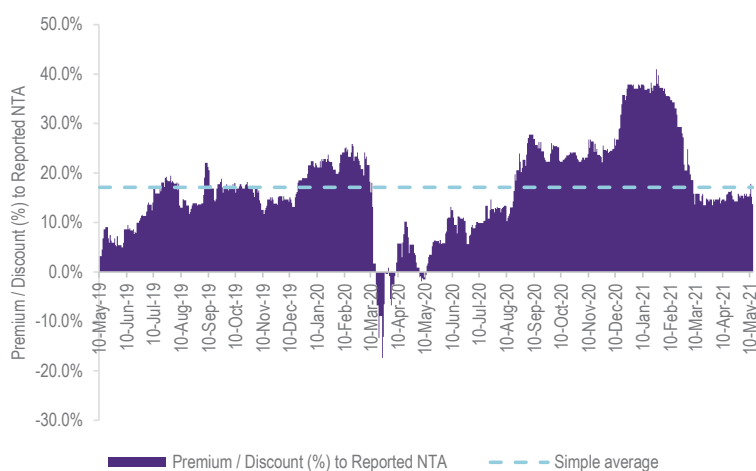
Source: VHP Investor Presentations, VHP Trust website, AUHPT 31 March 2021 Fund Update – Wholesale Units, AUHPT 30 June 2020 Fund Update – Wholesale Units, AUHPT Company website

Note (1): VHP gearing is as at 31 December 2020 and is calculated as gross debt and total assets; (2) AUHPT FY20 FFO yield = FY20 Net cash inflow from operating activities less other income / Net assets as at 31 March 2021; (3) AUHPT FY20 Distribution yield = FY20 Distributions to Unitholders / Net assets as at 31 March 2021; (4) AUHPT Payout ratio = Distribution yield / FFO Yield; (5) VHP payout ratio = Distribution p.u / FFO p.u.; (6) AUHPT Gearing as at 27 April 2021 based on the Announcement dated 5 May 2021; (7) AUHPT's returns set out above are net of fees and assume re-investment of distributions. However, VHP's returns are before deduction of fees and therefore the comparison should be considered with caution.

As outlined in the discussions above, the two trusts are similar from an operational, financial performance and returns perspective.

We have presented below the rolling premium / (discount) to net tangible assets of VHP.

Rolling Premium / (discount) to Reported net tangible assets¹⁰⁷



Source: VHP Investor Presentations, VHP Quarterly Fund Updates

As set out above, VHP has historically trade at a premium to net assets of c. 17%¹⁰⁸ on a minority/portfolio basis which indicates that a potential purchaser seeking to acquire 100% of the issued capital of VHP may be required to pay a further premium on top of the trading prices. At a first glance, it may appear that the premium over net assets implied in the Cash Price may not be fully adequate for a change of control transaction, however, we note the following

- **Timing of the properties valuation** – Based on disclosures made in its 1HFY21 financial statements, 40% of VHP's portfolio (by value) was independently valued as at 31 December 2020 and the balance

¹⁰⁷ To calculate the rolling premium / (discount) to Reported Net tangible assets, we have considered the reported net tangible assets per unit on the day on which they are released to the market over the period analysed and compared the same with the closing unit prices. All comparisons are made in New Zealand dollars.

¹⁰⁸ The premium to net tangible assets increasing nearer to the date of earnings announcements as this is the point when the properties are the most out of date.



60% had been independently valued as at 30 June 2020. Given that as at the date of this Report the majority of VHP's independently valued assets are c. 11 months old and during this period there has been a material compression of the cap rates, there is significant latent value in VHP's portfolio which is reflected in the premium of the current trading prices over the net tangible assets as at 31 December 2021. The latent value due to dated valuations is further supported by the fact that in November 2020, VHP sold one property at a premium of 14.7%¹⁰⁹ to its book value, suggesting that in spite of valuations being less than 6 months old at the time of the sale, there was already latent value on the balance sheet of VHP.

- *Cap rates relativity* – We have considered in our analysis the relative property portfolio valuations of VHP and AUHPT to verify consistency of the key assumptions and relative value of the portfolio.

Comparison of capitalisation rates						
% unless stated otherwise	31-Dec-19	31-Mar-20	30-Jun-20	31-Dec-20	31-Mar-21	30-Apr-21
Australian Unity	6.00%			5.35%	5.32%	5.17%
Vital Healthcare Property Trust	5.52%	5.55%	5.54%	5.33%		
Spread	0.48%			0.02%		
Comparison of capitalisation rates - by sector					30-Apr-21	31-Dec-20
% unless stated otherwise					AUHPT	VHP
Hospital					4.82%	5.20%
Medical centres					5.59%	5.63%
Aged Care					6.40%	6.62%

Source: AUHPT Fund Update, VHP Investor Presentation

Specifically, we note that the WACR of the properties of AUHPT has compressed significantly more than the WACR of VHP between 1 January 2020 and 31 December 2020 and it has then continued to reduce up to April 2021.

This confirms that the trading price of VHP incorporate market's expectations of a significant compression in the cap rates compared with the property values on the balance sheet as at 31 December 2020 which will result in a reduction of the premium to net assets, all other things being the same, once the properties valuations are updated for the current market conditions.

As set out in the table below, if the value of the net assets of VHP on the balance sheet as at 31 December 2020 is adjusted to reflect a WACR in line with AUHPT's properties as at 30 April 2021, all other things being the same, the premium to net tangible assets of VHP will reduce from c.17% to c. 6%.

Vital Healthcare		
Calculation of pro-forma increase in value between 31 December and 18 May 2021	Reference	
NTA per units as at 31 December 2020 (NZ\$)		2.55
1 week VWAP as at 18 May 2021 (NZ\$)		2.99
Current premium over net tangible assets (%)		17%
NTA per units as at 31 December 2020 (NZ\$)		2.55
NTA per share uplift from cap rate compression per AUHPT WACR (NZ\$)	Note 1	0.29
Adjusted NTA per units (NZ\$)		2.83
1 week VWAP as at 18 May 2021 (NZ\$)		2.99
Adjusted premium over net tangible assets (%)		6%

¹⁰⁹ Based on information included in the VHP 1HFY21 Investor Presentation and VHP's NZX Announcement dated 26 November 2020.



Source: GTCF Calculations, VHP publicly available information and AUHPT publicly available information and announcements, S&P Global Note (1): The NTA uplift per unit has been calculated differential per unit increase resulting from reduction in the capitalisation from the reported capitalisation rate to the pro-forma capitalisation rate calculated as the weighted average capitalisation rate wherein the capitalisation rate is the AUHPT sub-sector capitalisation rate based on the independent valuations up to and including 30 April 2021 and the weights are VHP's reported portfolio weighting (Hospital – 83%; Medical and Office Building – 11% and Aged Care – 6%) as at 31 December 2020.

- *Value of the development pipeline* – We have provided some qualitative commentaries on the development pipeline of AUHPT in section 6.1.3. Below, we have outlined some relevant comments for the development pipeline of VHP.
 - Out of the committed development pipeline of NZ\$356.5 million reported as at 31 December 2020, VHP have secured a hospital operator for c. 56%¹¹⁰ of the total development expenditure. Further, these are Tier 1 operators. In comparison, Australian Unity has secured a hospital operator for only c. 25.5%¹¹¹ of its reported development pipeline.
 - The two major projects, Epworth Eastern (VIC) and Wakefield Hospital (Wellington) whose development cost comprises c. 69.5%¹¹² of the committed development pipeline, are on track to be delivered (in full or in case of Wakefield Hospital Stage 1) during 2021. Although, the Wakefield Hospital is not expected to be fully completed until 2023, we understand that a tenant has already been lined up for the property which has materially de-risked the development. The risk is further mitigated as this project is a staged demolition and redevelopment of an existing hospital. After completion, the Wakefield Hospital is expected to be Wellington's largest private hospital.
 - For the balance of the committed developments, with the exception of the Playford Health Hub Stage 1, tenants have already been identified or contracted, materially de-risking the project.

In conclusion, we are of the opinion that a large component of premium over net tangible assets embedded in the trading prices of VHP on a minority basis is due to specific circumstances of VHP which are applicable to AUHPT.

Arena REIT ("Arena")

Arena is an internally managed REIT listed on the ASX and included in the S&P ASX 300 Index. Arena invests in sectors such as childcare, healthcare, education and government tenanted facilities leased on a long-term basis. As at 31 December 2020, Arena had a portfolio value of A\$1.01 billion comprising 86% (by value) of early learning centres ("ELCs") and the balance 14% being healthcare properties. As at 31 December 2020, the passing yield of the portfolio was c. 6.16% and the WALE was 14.7 years. Arena REIT is currently trading at a premium to net tangible assets as at 31 December 2020 of c. 47%¹¹³. We are of the opinion that Arena REIT is not particularly comparable to AUHPT due to the following:

- Arena REIT is largely an ELC landlord and healthcare properties form a relatively small proportion of the underlying assets.

¹¹⁰ This is based on information provided by VHP. We have not disclosed the relevant projects or the tenants as this information is not available in the public domain. This does not take into account projects where VHP has secured pre-commitments from tenants.

¹¹¹ Calculated as the development cost for Sunshine Private Hospital, Kellyville Medical Centre, Matilda Private Hospital Nepean, Weststate Private Hospital divided by the total development pipeline excluding greenfield of A\$765.1 million.

¹¹² Calculated as the total development cost of c. NZ\$247.6 million divided by the total committed development cost of NZ\$356.5 million. The value of Epworth Eastern has been converted from A\$126.2 million into NZ\$134.8 million using a A\$:NZ\$ exchange rate of 0.9356.

¹¹³ Calculated as the closing share price as at 18 May 2021 of A\$3.36 compared with NTA as at 31 December 2020 of A\$2.29.



- Arena REIT is an internally managed REIT and as discussed earlier in this section, the value of the management platform is not captured on the balance sheet, which, all else equal would inflate the premium to net assets.
- The yields on ELCs have remained steady relative to healthcare properties. Given the yield compression observed across the general property market, it is likely the market has priced a future compression which is reflected in the premium to net assets. Further, given the relatively large portfolio of Arena REIT (245 properties), there is a lag in the timing of the independent valuations which causes the market to take into account future compression in the cap rates. For instance, as at 31 December 2020, Arena announced to the market that three ELC properties sold at an average premium of 15.3% to book.
- The sector has been facing tailwinds from various forms of childcare subsidies as a result of bipartisan government support to these initiatives. The Federal Budget 2021 also introduced reforms that are likely to continue to support the momentum in the trading price of ELCs.

Charterhall Social Infrastructure REIT ("CQE")

The Charter Hall Social Infrastructure REIT is an externally-managed ASX-listed REIT that is the largest Australian property trust investing in social infrastructure properties within Australia and New Zealand. As at 31 December 2020, it had a portfolio of c. A\$1.2 billion of which c. 95% comprises investment in childcare properties with a passing yield of 6.1% and a WALE of 14 years. CQE is currently trading at a premium to net tangible assets as at 31 December 2020 of c. 8%¹¹⁴. We are of the opinion that CQE is not comparable due to the following:

- Similar to Arena, a large proportion of its portfolio comprises childcare centres, which we do not consider comparable to healthcare properties.
- Unlike Arena and VHP, CQE's properties are acquired in close proximity of the CBD and therefore the future valuation uplift due to cap rate compression is more limited. This is also evidenced by the fact that the CQE has sold (comprising settled and contracted) properties at a premium of only 2.6%¹¹⁵ over the book value.
- Whilst CQE has a development pipeline, given the high underlying land value, the change in the valuations based on rentalisation of the project cost to a valuation based on cap rates is likely to be minimal.

Other comparable companies

We have considered but not relied on other REITs such as those in the office, industrial and retail sector as these sectors have different dynamics around demand and supply, level of institutional capital, requirements of specialist management expertise and relative importance of tenancy.

7.2.2 Comparable transactions

The following table sets out the relevant metrics observed across the comparable transactions.

¹¹⁴ Calculated as the closing share price as at 18 May 2021 of A\$3.27 compared with NTA as at 31 December 2020 of A\$3.03.

¹¹⁵ This is based on information as reported in the 1H FY21 Investor Presentation.



Comparable Transactions Analysis	Transaction	Internal/ External	Deal	Premium /	Total AUM	Gearing	Ex-Div
Target companies	Date	Stake	Managed	value (A\$m)	(Discount) to NTA	(A\$m)	Ratio ² Yield LTM ³
Tier 1 : Social Infrastructure REIT							
Healthscope Portfolio Acquisition	Jun-19	100%	NA	1200	+ / - 2%	1,200	NA NA
Folkestone Limited	Aug-18	100%	External	206	28.3%	1,609	4.0% 4.87%
Generation Healthcare Management	Jun-17	100%	External	508	38.6%	589	32.8% 3.87%
Average - Tier 1				357	33.4%	1,099	18.4% 4.87%
Median - Tier 1				357	33.4%	1,099	18.4% 4.87%
Tier 2: Other REITs							
Investa Office Fund	Oct-18	100%	External	3,351	2.2%	4,435	24.4% 3.69%
Centuria Urban REIT	Apr-17	62%	External	170	2.2%	210	19.4% 7.45%
Brookfield Prime Property Fund	Mar-17	20%	External	436	(1.1%)	762	41.1% 2.89%
GPT Metro Office Fund	Jun-16	100%	External	321	7.1%	440	28.6% 6.14%
Novion Property Group	Jun-15	100%	Internal	7,662	26.3%	9,090	29.1% 5.50%
Commonwealth Property Office Fund	Dec-13	85%	External	2,813	2.3%	3,829	24.3% 7.24%
Charter Hall Officer REIT	Jan-12	85%	External	1,228	(3.7%)	1,848	31.8% 17.67%
Valad Property Group	Apr-11	100%	Internal	207	(22.3%)	589	34.4% NA
Rabinov Property Fund	Apr-11	100%	External	50	(3.9%)	235	76.3% 9.44%
Westpac Office Trust	Apr-10	100%	External	415	2.5%	1,137	62.3% 7.87%
Average - Tier 2				1,665	1.2%	2,256	37.2% 7.54%
Median - Tier 2				425	2.2%	950	30.4% 7.24%
Average - All				1,447	6.5%	2,063	34.0% 6.97%
Median - All				425	2.3%	950	30.4% 6.14%

Source: Publicly available information

Note (1): Generation's WACR is as at 31 December 2016; (2) The premium / (discount) to net tangible assets has been calculated as the difference between the final offer price and the last reported net tangible assets.

Among the comparable transactions, we consider the GHC Acquisition and the Healthscope Hospital Portfolio Acquisition as the most relevant transactions.

Acquisition of Generation Healthcare ("GHC Acquisition")

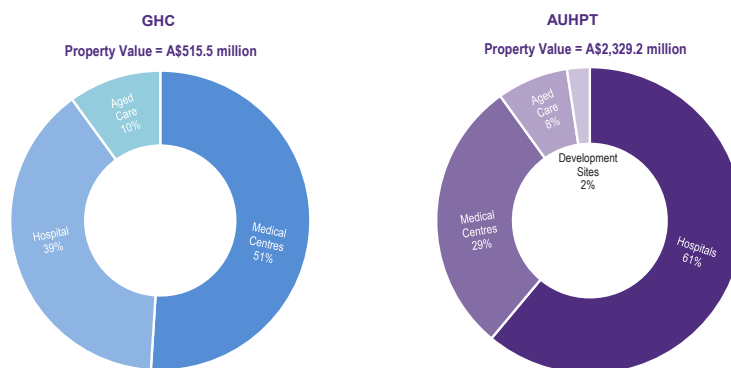
Generation Healthcare was a listed healthcare REIT that invested in medical centres, hospitals and aged care facilities and it was acquired by NorthWest around mid-2017. As at 31 March 2017, GHC had a portfolio value of A\$515.5 million¹¹⁶ an occupancy of 98.6% and a WALE of 12 years¹¹⁷. The following graph sets out a comparison of the portfolio mix between AUHPT and GHC, wherein the information for GHC is based on the information available as at 31 December 2016.

¹¹⁶ As at 31 March 2017, the portfolio value of the developments was A\$588.5 million. However, there is no breakdown of this portfolio value by the various asset types and therefore to preserve consistency, we have used the portfolio value of A\$515.5 million as at 31 December 2016.

¹¹⁷ Target's Statement.



Operational overview of GHC at 31 December 2016 and AUHPT at 30 April 2021



Source: GHC Target Statement, AUHPT Publicly available information

Note (1): As at 31 December 2016, GHC had a development of c. A\$110.5 million. However, given the reported breakdown by asset type did not include the development pipeline value, we have not included the development pipeline value in the graph above.

Similar to AUHPT, GHC was an externally managed REIT, however, we have not discussed the MER% and market returns given the current record low interest rates and changes to other market forces between the date of the GHC Acquisition and the date of this Report make the comparison not particularly relevant.

The premium to net tangible assets implied in the GHC Acquisition was c. 38.6%¹¹⁸ which is materially higher than the premium implied in Cash Price or in our valuation assessment. To rationalise the premium to reported net tangible assets in the GHC Acquisition, we have considered the following:

- **Timing of the property valuations:** We have set out below a breakdown of the external valuations of the properties of GHC over the last two years prior to the GHC Acquisition:

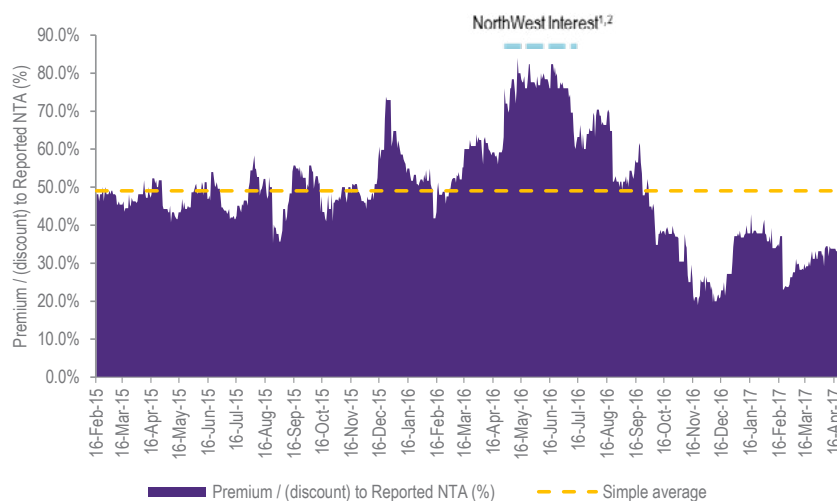
Timing of independent valuations of properties - by value	31-Dec-14	30-Jun-15	31-Dec-15	30-Jun-16	31-Dec-16	IER
Proportion of properties independently valued:						
At Reporting date	22.4%	53.6%	24.6%	82.1%	51.9%	34.5%
Prior to reporting date						
Upto 6 months	22.4%	30.7%	44.4%	12.9%	27.0%	41.1%
Between 6 months and 12 months	28.9%	6.0%	28.8%		11.6%	19.1%
Beyond 12 months	17.1%	7.4%				5.2%
Developments	9.2%	2.4%	2.3%	5.1%	9.5%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
WACR	8.20%	7.82%	7.61%	7.01%	6.67%	6.09%

Source: GHC publicly available information

In a compressing cap rate environment, a 6 month delay in property valuations are likely to create significant value uplift expectations which was partially reflected in the offer price and in the trading prices before the announcement of the GHC Acquisition as seen in the graph below:

¹¹⁸ Calculated as the offer price of A\$2.3 compared with the unaudited Reported NTA of A\$1.66 per GHC unit as 31 March 2017.

Rolling premium / (discount) to Reported¹¹⁹ net tangible assets



Source: GHC Investor Presentation, GHC Half-year and Full-year financial statements

Note 1: The acquisition of GHC units by NorthWest at a price of A\$2.2 / GHC Unit which was at a premium of 15.1% to average¹²⁰ trading price of GHC Unit in the 6 months prior to the acquisition.

Note 2: NorthWest acquired the GHM, which is the fund manager of GHC which supported the trading prices of GHC Units between May 2016 and June 2016, which is reflected in the premium to reported net assets.

As set out above, the premium peaked in June 2016, when the trading price was based on the valuations disclosed in the half year accounts (which were substantially out of date) and due to the acquisition by NorthWest of the management rights and of 19.9% of the issued units which triggered investors to price in a potential change of control transaction. Subsequently, the premium to net tangible assets materially decreased as the valuations were relatively more up to date and expectations in relation to a potential change of control transaction diminished.

- **Value of the development pipeline** – We have provided some qualitative commentaries on the development pipeline of AUHPT in section 6.1.3. The development pipeline for Generation comprised four projects – Frankston Private, Casey Private Hospital¹²¹ (Stage 2), Grey Street Centre (GSC) and Albert Street car park and the Warratah Private Hospital. Of these projects, at least c. 67%¹²² were expected to be completed within 12 months from the date of the acquisition. In relation to these projects, based on information included in the GHC Target Statement dated 22 May 2017, we note the following:
 - Frankston Private had been independently valued at 31 March 2017 on a 100% as-if-complete basis at A\$116.7 million¹²³ at a capitalisation rate of 5.75%. Healthscope had a pre-commitment under a head lease. In conjunction with the planning for Frankston Private, GHC had prepared a master plans for further development on adjoining sites if there was future tenant demand.
 - Similarly, Casey Private Hospital (Stage 2) had been valued at A\$36.7 million on a percentage completion basis at a capitalisation rate of 6%. St John of God was the tenant and was expected

¹¹⁹ As part of our analysis, we have considered the premium to the reported net assets. We have not undertaken the assessment to the adjusted net assets as assessed by the Independent Expert in order to make a like-for-like comparison with the premium implied in the Cash Price.

¹²⁰ Average is calculated as the simple average of the trading prices between 4 November 2015 and 2 May 2016.

¹²¹ In the GHC Target Statement, this is also referred to St John of God Berwick Hospital.

¹²² Calculated as the value of the Frankston Private and Casey Private Hospitals divided by the total development pipeline of c. A\$110.3 million.

¹²³ Based on total cost of A\$118.5 million less cost to complete of A\$1.8 million.



to enter into a head lease over the hospital for an initial 20-year term with five successive options to renew the lease for 15-year terms (i.e. up to 75 years). Additionally, Generation and St John of God have also agreed a master plan for this site in order to provide for further potential hospital expansion including additional beds, theatres and medical consulting facilities if there is future tenant demand.

- Both Frankston Private and Casey Private Hospital (Stage 2) were projects being developed under a 'return on agreed development cost' basis that were currently under construction with forecast completion dates of June 2017 (subject to final minor reconfiguration and upgrade works) and late 2017 respectively. Based on the above and the forecast income return¹²⁴ disclosed in the GHC Target Statement, the spread between the capitalisation rate and the rentalisation yield was c. 200 bps to 300 bps¹²⁵.
- The Grey Street Centre and Albert Street Car Park project had an estimated project cost of A\$36 million¹²⁶. The blended income return on the project was expected to be c. 8.3% of the estimated total project cost. Epworth, a healthcare operator, had entered into a 20-year head lease for the Grey Street Centre and the Albert Street Car Park. Construction on the development was expected to commence early in the FY18.
- In addition to the above, Generation had a pipeline of multi-stage development opportunities at four of its existing properties. To investigate some of these opportunities, Generation had entered into strategic partnerships with RSL Care and Epping to investigate and develop other potential development sites.

Based on the above and the discussion in section 6.1.3, we are of the opinion that the quality of the development pipeline of GHC appears to be superior to AUHPT which may justify some of the premium of the trading prices over net tangible assets.

The balance of the premium to net assets can be attributed to the following:

- The acquisition of an unlisted REIT does not qualify for concessional landholder duty rates applicable to certain listed REITs in some jurisdictions and accordingly the stamp duty savings by acquiring an unlisted REIT rather than assets directly are more limited compared with purchasing the same portfolio of assets by acquisition of a listed REIT.
- As described in the Target's Statement for the GHC Acquisition, certain payments to the manager were triggered as a result of a change in the responsible entity or as a result of a change of control of GHC. The Target's Statement indicated that under the terms of the Investment Management Agreement, in order to terminate the Manager, a two year notice period must be provided which was quantified at A\$6 million by the Independent Expert. Given NorthWest was also the manager of GHC, as the bidder for GHC, these termination payments together with any other facilitation transaction payment which may have been entered with a pool of potential purchasers represented special value for NorthWest and it is likely that a proportion of these costs savings may have been incorporated into the offer price.

¹²⁴ According to the GHC Target Statement, the income return is the contracted rental yield to be applied to the total agreed project costs actually incurred. This had the effect of removing any construction risk.

¹²⁵ Calculated as the difference between forecast income return of 8% to 8.75% and capitalisation rates of 5.75% to 6%.

¹²⁶ This represents GHC's 50% interest. On a 100% basis, the total project cost was estimated to be c. A\$72 million.



Having considered the above, we are of the opinion that there some specific factors which explain the large premium paid over net tangible assets of GHC which are not fully applicable to the valuation of AUHPT.

Healthscope Hospital Portfolio

In January 2019, NorthWest announced that it had entered into definitive agreements to acquire 11 freehold hospital property assets from Healthscope Limited for approximately A\$1.2 billion as part of a sale and leaseback transaction. By value, the portfolio represented approximately 51% of Healthscope's total freehold property portfolio being sold, with the remainder being acquired by a third party investor, on substantially the same commercial terms. The portfolio was expected to generate initial annual rental income of approximately A\$60 million resulting in a weighted average capitalisation rate of 5.0%. The portfolio was 100% occupied by Healthscope on an absolute quadruple net lease basis with the tenant responsible for all property costs including maintenance capital expenditures. The leases had a WALE of 20 years and were subject to fixed annual rent increases of 2.5% per annum. In addition, the portfolio had an initial brownfield development and capex opportunity of up to approximately A\$525 million over 10 years, of which approximately A\$50 million related to capital projects to be completed within 3 years. This pipeline was forecast to yield approximately 6% on completion representing a 100 basis point premium to the stabilised asset yields.

Based on discussions with NorthWest, we understand that the offer price was substantially in line with book value of the net assets acquired without a significant portfolio premium being paid. We understand that the valuations of the 11 hospitals was prepared on an individual basis on or around in January 2019 with the transaction being announced to the market in February 2019.

Other transactions

We have considered but not relied upon other transactions. Whilst the office, industrial and other asset classes are not considered comparable, we have set out below our rationale for not considering the Social Infrastructure REITs comparable.

- Folkestone had a significant funds management business and internal management team.
- The internalisation of Arena's management involved the valuation of the funds management platform and therefore we do not consider the transaction comparable.

Among the other transactions, we note the large premium over the net tangible assets of the merger between Novion and Federation Centres, however we note that this transaction is not relevant given it was a 100% scrip merger, both trusts were internally managed, they had a fully integrated funds and assets management platform and they owned retail assets.

7.3 Distribution yield

As set out in earlier in section 7, the Distribution Yield implied in the Cash Price is c. 3.74%¹²⁷. We have compared this distribution yield with the distribution yield based on the comparable companies.

¹²⁷ For the Wholesale Units only.

Distribution yield based on trading prices of comparable trusts



Source: S&P Global

Note (1): We have adjusted VHP's distribution yield to reflect a higher payout ratio, back-out the tax expense

Note (2): All distribution yields are calculated based on the ex-distribution trading prices. With the exception of BWP, Charter Hall Retail an Elanor Retail and Vital Healthcare, all the other REITs began trading ex-distribution on 30 March 2021 and we have considered the trading prices as at 18 May 2021 to determine the distribution yield. BWP, Charter Hall Retail an Elanor Retail began trading ex-distribution as at 30 December 2020 but we have considered the trading price at 18 May 2021 to calculate the distribution yield.

As discussed extensively throughout the previous section, we consider VHP as the most relevant listed peers to AUHPT. VHP's un-adjusted reported distribution yield of c. 3%¹²⁸ is materially lower than the distribution yield implied in the Cash Price. However, VHP distribution yield should be compared with caution as it is impacted by the following:

- Relative to AUHPT's payout ratio (92% to 121%¹²⁹ of FFO), VHP has a relatively lower payout ratio (75% to 88%¹³⁰ of FFO) in order to partially finance its development pipeline. AUHPT will be required to undertake a proportionally larger capital raising compared with VHP, which is expected to be dilutive compared with our valuation assessment, if it intends to preserve the current payout ratio and advanced the projects in the development pipeline.
- VHP has a tax structure which results in tax payments for the Trust. Whilst VHP unitholders receive imputation credit for the tax paid, the tax expense has the effect of reducing the overall distributions available to the unitholders which reduces the distribution yield, all other things remaining the same.
- In order to enhance the level of comparability, we have adjusted the distribution yield of VHP to take into account a payout ratio of 100% which is more comparable to the payout ratio of AUHPT and we

¹²⁸ Calculated as the LTM Dividend of 8.752 cents per unit divided by the VHP unit price of NZ\$2.99 per unit as at 18 May 2021. This information has been obtained from the New Zealand Stock Exchange website.

¹²⁹ AUHPT does not report funds from operations in its financial statements. We have calculated an approximate payout ratio taking into account the net profit, valuation changes, interest rate derivative changes, capital gain distributions to calculate an implied FFO, which is then compared with the distributions to unitholders. This information has been sourced from the Annual Financial Statements lodged by AUHPT with ASIC.

¹³⁰ This information is as reported in the VHP Investor Presentations between FY18 to FY20.



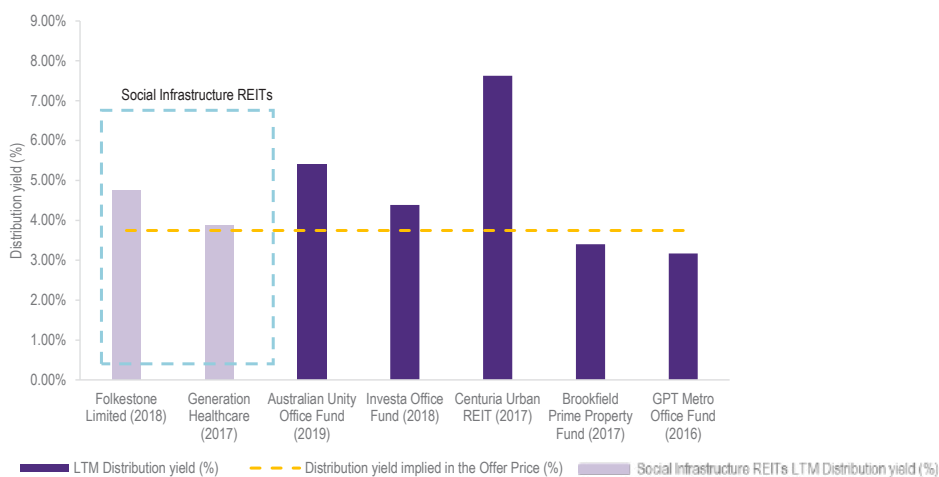
74

have removed the inefficiencies (i.e. tax payments) caused by the tax structure. As a result, the distribution yield for VHP increases to c. 4.15%¹³¹.

The distribution yield implied in the Cash Price is substantially in line with or lower than the other listed REITs.

We have also set out below a comparison with the distribution yield observed for the comparable transactions.

Distribution yield based on trading prices of comparable transactions



Source: GTCF analysis and other publicly available information

Note (1): The distribution yield has been calculated as the LTM distributions divided by the Cash Price. The LTM distributions do not include special distributions. However, the special distributions have been adjusted for in the Cash Price where the Cash Price is required to be adjusted for special distributions as per the respective Target Statements.

With the exception of Brookfield Prime Property and GPT Metro Office Fund, the distribution yield implied in all the transactions are higher than or substantially in line with the distribution yield implied in the Cash Price.

With regard to the GPT Metro Office Fund acquisition, GPT Metro Office Fund was subject to competitive bidding process which has resulted in a lower yield. Brookfield Prime Property Fund was facing liquidity constraints which limited its ability to payout more distributions due to forecast capital expenditure requirements and leasing risks and the directors at the time of the transaction did not expect an increase in liquidity. As a result, the distribution yield from this transaction cannot be considered comparable.

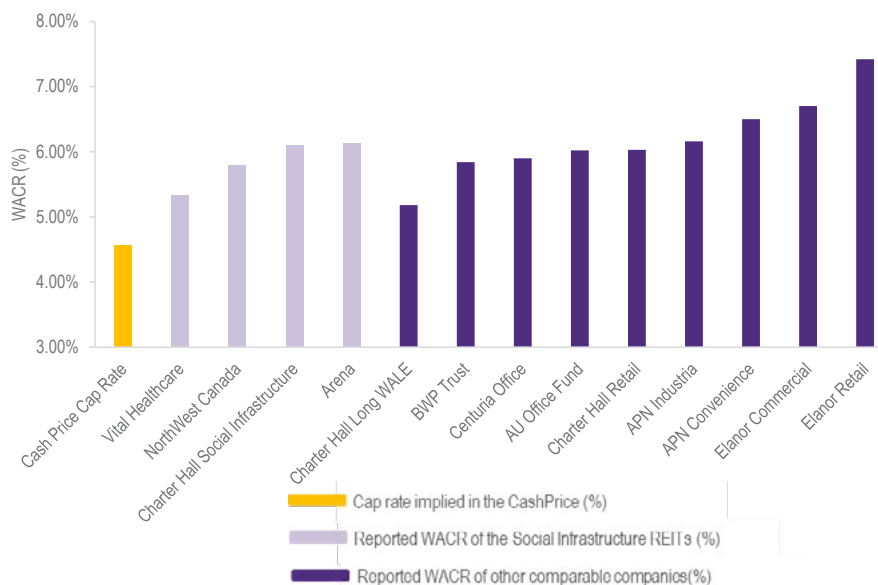
7.4 Implied WACR

We have set out in the graph below, the WACR implied in the Cash Price in comparison with the WACR of listed peers operating in the Social Infrastructure REIT sector and more broadly in the REIT sector.

¹³¹ The dividends per unit have been grossed up (proportionately) to take into account the higher payout ratio (100%). The tax adjustment has been calculated based on the average cash tax paid as a proportion of the profit before tax between FY18 to FY20 (5.2% to 13.8%) with the simple average being 8.1%. The higher dividend (based on the grossing up discussed earlier) has been grossed up for the tax expense. As a result of the above adjustments, the dividend paid for VHP is as follows: Reported Distributions (cents per unit) (FY18 – 8.56; FY19 – 8.752; FY20 – 8.752; FY21 (guidance) – 8.88). The Adjusted distributions are as follows (FY18 – 11.43; FY19 – 10.46; FY20 – 10.96; FY21 – 12.40). Given VHP released a third quarter update as at 12 May 2021, we have adopted the trading price as of 18 May 2021 for calculating the dividend yield.



WACR comparison across peers



Source: GTCF Calculations, companies' annual financial statements and publicly available information

As set out in the graph below, the WACR implied in the Cash Price is the lowest compared with the WACRs adopted by the listed peers in the latest reported annual report which provides strong support for the purpose of our fairness opinion and it reflects the scarcity value of the Properties and the unique footprint in the healthcare sector. It should be noted that to some extent this reflects the contemporaneous valuations of the underlying properties in the AUHPT portfolio relative to the valuations of the comparable companies wherein a lag is expected in the underlying properties valuation and therefore this analysis needs to be considered with caution.

7.5 Conclusion on the cross check

In conclusion, we are of the opinion that the fairness of the Cash Price is strongly supported by the following:

- After adjusting VHP premium to net assets to reflect the out of the date valuations and taking into account the specific circumstances of the premium paid for GHC Acquisition, the premium over net assets implied in the Cash Price is at the high end of the listed peers and comparable transactions.
- The distribution yield and the WACR implied in the Cash Price are at the low-end of the listed peers and comparable transactions.



8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Trust Scheme Booklet.
- Annual reports/ consolidated accounts of AUHPT for FY19 and FY20.
- Press releases and announcements by AUHPT.
- S&P Global
- IBISWorld reports
- Other publicly available information.

This Report is only based on publicly available information.

8.2 Limitations and reliance on information

This Report and opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this Report on the basis of financial and other information provided by the Trust, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has not been able to make inquiry in relation to the information in the public domain with AUFM. Nothing in this Report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Trust.

This Report has been prepared to assist the Unitholders of AUHPT in considering the Proposed Transaction. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is in the best interest of the Trust's Unitholders.

NorthWest has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Trust, which the Trust knew or should have known to be false and/or reliance on information, which was material information the Trust had in its possession and which the Trust knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. NorthWest will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.



8.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this Report in the form and context in which it is included in the Trust Scheme Booklet to be sent to the Trust's Unitholders. Neither the whole nor part of this Report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.



Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which units in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to Unitholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to Unitholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the units of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of units, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



Appendix B – Comparable companies

Company	Description
NorthWest Healthcare Properties Real Estate Investment Trust	NorthWest Healthcare Properties Real Estate Investment Trust (TSX: NWH.UN) (NorthWest) is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. As at September 30, 2020, the REIT provides investors with access to a portfolio of high quality international healthcare real estate infrastructure comprised of interests in a diversified portfolio of 190 income-producing properties and 15.4 million square feet of gross leasable area located throughout major markets in Canada, Brazil, Europe, Australia and New Zealand. The REIT's portfolio of medical office buildings, clinics, and hospitals is characterized by long term indexed leases and stable occupancies. With a fully integrated and aligned senior management team, the REIT leverages over 200 professionals across nine offices in 5 countries to serve as a long-term real estate partner to leading healthcare operators.
Charter Hall Social Infrastructure REIT	Charter Hall Social Infrastructure REIT is the largest Australian ASX-listed real estate investment trust (A-REIT) that invests in social infrastructure properties. Charter Hall Social Infrastructure REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure. Operating with prudence, Charter Hall as manager of CQE, has carefully curated a \$40 billion plus diverse portfolio of over 1,100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7.3 billion development pipeline delivers sustainable, technologically enabled projects for our customers. The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.
Vital Healthcare Property Trust	Vital Healthcare Property Trust is a real estate investment trust externally managed by Vital Healthcare Management Limited. The firm investments in health and medical related properties in New Zealand and Australia. It undertakes acquisition or development of medical or healthcare-related properties such as surgical and medical facilities, geriatric and continuing care facilities primary healthcare facilities, and health support facilities. The fund may invest in conjunction with other health service providers. It was formerly known as ING Medical Properties Trust and Calan Healthcare Properties Trust.
Arena REIT	Arena REIT is an ASX300 listed property group that owns, manages and develops social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors.
Charter Hall Long WALE REIT	Charter Hall Long WALE REIT is an Australian Real Estate Investment Trust (REIT) listed on the ASX and investing in high quality Australasian real estate assets that are predominantly leased to corporate and government tenants on long term leases. Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors - office, industrial & logistics, retail and social infrastructure. Operating with prudence, we've carefully curated a \$45 billion diverse portfolio of over 1,300 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long-term view, our \$6.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers. The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.
APN Industria REIT	APN Industria REIT ('Industria') (ASX code: ADI) is a listed Australian real estate investment trust which owns interests in office and industrial properties that provide functional and affordable workspaces for business. Industria's \$824 million portfolio of 32 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future growth without compromising the low-risk approach to management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.

Company	Description
Centuria Office REIT	COF is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. COF owns a portfolio of high quality assets situated in core office markets throughout Australia. COF is overseen by a hands-on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets. Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Office REIT (COF). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$10.2 billion in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax effective investment bonds.
Australian Unity Office Fund	AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.
Elanor Commercial Property Fund	Elanor Commercial Property Fund (ASX: ECF) is an externally managed real estate investment trust that invests in Australian commercial office assets. It was listed on the ASX in 2019 and currently owns 7 office assets with a combined valuation of \$374 million.
BWP Trust	Established and listed on the Australian Securities Exchange ("ASX") in 1998 (see prospectus), BWP Trust ("BWP" or "the Trust") is a real estate investment trust investing in and managing commercial properties throughout Australia. The majority of the Trust's properties are large format retailing properties, in particular, Bunnings Warehouses, leased to Bunnings Group Limited ("Bunnings"). Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand, and a major supplier to project builders, commercial trades people, and the housing industry. Full details on the Trust's property portfolio can be found in the Our Properties section of this website. The Trust is managed by an external responsible entity, BWP Management Limited ("the responsible entity") which is appointed under the Trust's constitution and operates under an Australian Financial Services Licence. The responsible entity is committed to managing the Trust solely and is paid an annual fee based on the gross assets of the Trust. Both Bunnings and the responsible entity are wholly-owned subsidiaries of Wesfarmers Limited ("Wesfarmers"), one of Australia's largest listed companies. Wesfarmers also owns approximately 24.75 per cent of the issued units in the Trust.
Charter Hall Retail Real Estate Investment Trust	Charter Hall Retail REIT is the leading owner and manager of property for convenience retailers. Charter Hall Retail REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure. Operating with prudence, Charter Hall Group as Manager of CQR has carefully curated a \$40 billion diverse portfolio of over 1100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7.3 billion development pipeline delivers sustainable, technologically enabled projects for our customers.
APN Convenience Retail REIT	APN Convenience Retail REIT (ASX code: AQR) is a listed Australian real estate investment trust which owns high quality Australian service stations and convenience retail assets. The Fund's portfolio of 79 properties valued at approximately \$445 million, is predominantly located on Australia's eastern seaboard and is leased to leading Australian and international convenience retail tenants. The portfolio provides a long lease expiry profile and contracted annual rent increases delivering the Fund a sustainable and strong level of income security. Convenience Retail has a target gearing range of 25 – 40% as part of its conservative approach to capital management. APN Convenience Retail REIT is governed by an Independent Board of Directors and is managed by APN Property Group, a specialist real estate investment manager established in 1996.
Elanor Retail Property Fund	Elanor Retail Property Fund (ASX:ERF) is an externally managed listed real estate investment fund investing in Australian retail property. The fund invests in high investment quality, non-discretionary retail based neighborhood and sub-regional shopping centers. The strategy of Elanor Retail Property Fund is to acquire assets that provide strong income and capital growth potential. The Elanor Retail Property Fund's management team has proven experience in identifying and managing high investment value retail property assets.

Source: S&P Capital



Appendix C – Comparable transaction target company descriptions

Target company	Description
Healthscope Hospital Portfolio Acquisition	Healthscope Limited provides healthcare services in Australia and New Zealand. The company operates through Hospitals Australia and Pathology New Zealand segments. It operates 43 private hospitals, including 30 acute hospitals, 7 mental health hospitals, and 6 rehabilitation hospitals with approximately 5,000 inpatient beds. The company also provides human pathology services under the Labtests, Southern Community Laboratories, and Northland Pathology brands; and veterinary and analytical pathology services under the Gribbles brand. The company was formerly known as Healthscope Hospitals Holdings Pty. Ltd. and changed its name to Healthscope Limited in July 2014. Healthscope Limited was founded in 1985 and is headquartered in Melbourne, Australia. As of June 6, 2019, Healthscope Limited was taken private.
Folkestone Limited	Folkestone Limited operates as a real estate funds management, investment, and development company in Australia. It operates through Property Development and Funds Management segments. The company invests in the office, retail, industrial, residential, and social infrastructure sectors; and provides real estate funds management services for private clients and institutional investors. Folkestone Limited is based in Sydney, Australia. As of October 23, 2018, Folkestone Limited operates as a subsidiary of Charter Hall Group.
Generation Healthcare Management	Generation Healthcare REIT is property fund launched and managed by ING Real Estate Investment Management Australia. The fund invests in the real estate markets across the globe. It primarily invests in healthcare related properties including hospitals, specialist medical office buildings, medical centres, rehabilitation facilities, residential aged-care, medical related laboratories, and other purpose-built healthcare facilities. The fund was formerly known as ING Real Estate Healthcare Fund. Generation Healthcare REIT is a domiciled in Australia. As of June 8, 2017, Generation Healthcare REIT operates as a subsidiary of NWH Australia Asset Trust.
Arena REIT	Arena REIT is an ASX300 listed property group that owns, manages and develops social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors.
Australian Unity Office Fund	AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.
Investa Office Fund	Oxford Investa Property Partners is a real estate investment trust. The OIPP portfolio is comprised of over \$4.5 billion of investment grade office buildings and receives rental income from a tenant register comprising predominantly government and blue chip tenants.
Centuria Urban REIT	Centuria Urban REIT is a listed Australia-based company that invests in urban office assets within Australia, headquartered in Sydney.
Brookfield Prime Property Fund	Brookfield Prime Property Fund is a Managed Investment Trust specializing in investments in property assets using a combination of debt and equity financing. The Fund does not intend to actively trade the listed property trust portfolio. It comprises interests in four A-grade office buildings. It seeks to invest in retail and commercial property assets located within the Sydney and Melbourne Central Business Districts.
GPT Metro Office Fund	The GPT Metro Office Fund is an Australian real estate investment trust which offers investors an exposure to a quality portfolio of six A-grade metropolitan and business park office properties located across Sydney, Melbourne and Brisbane. The Fund's portfolio has been independently valued at \$439.3 million.
Novion Property Group	Novion Property Group is one of Australia's leading retail property groups and manages over \$14 billion in retail assets. Novion were formerly known as the CFS Retail Property Trust Group (or CFX) after they broke previous ties with Commonwealth Bank and became independent.
Commonwealth Property Office Fund	Commonwealth Property Office Fund (CPA) is an office sector-specific Australian Real Estate Investment Trust (REIT), with a mandate to invest in prime quality office buildings located in central business district and major suburban markets in Australia. It has office in Sydney, Australia.
Charter Hall Officer REIT	Charter Hall Office Fund is an unlisted property fund with a diversified and growing quality Australian office property portfolio with a focus on CBD and established property markets.



Valad Property Group	Valad Property Group engages in the ownership of property, as well as in the investment and management of property funds in Australia. It invests, leases, or sells property and development assets. The company also manages a range of funds, such as stable passive income property funds and high-yield specialized development funds. Valad Property Group, through Valad Property Trust, invests in premium office properties and bulky goods retail properties, as well as holds portfolio of self-storage assets. As of June 30, 2005, it owned 58 properties. The company was co-founded by Stephen Day and Barry Wynne in 1995. Valad Property Group is based in Sydney, Australia. As of August 26, 2011, Valad Property Group operates as a subsidiary of Blackstone Real Estate Advisors.
Rabinov Property Fund	Rabinov Property Trust operates as a diversified property investment vehicle that invests in and leases real estate properties in Australia. Its portfolio comprises industrial, office, and retail properties. As of June 30, 2010, the company owned 13 rental properties. Rabinov Property Management Limited operates as the manager for Rabinov Property Trust. The company was formerly known as Australian Commercial Property Trust and changed its name to Rabinov Property Trust in April 2009. Rabinov Property Trust was founded in 1998 and is based in Melbourne, Australia. Rabinov Property Trust is a subsidiary of Growthpoint Properties Australia Limited.
Westpac Office Trust	Westpac Office Trust (WOT), the listed Australia based company headquartered in Sydney, New South Wales, is a property managing and leasing trust company.

Source: S&P Capital

Appendix D – Glossary

\$ or A\$	Australian Dollar
NZ\$	New Zealand Dollar
1Hxx	The first half (i.e. the period 1 July to 31 December) of the financial year ending 30 June 20xx
ACFI	Aged Care Funding Instrument
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
Arena	Arena REIT
AUFM, or RE	Australian Unity Funds Management Limited
AUHPT, or Trust	Australian Unity Healthcare Property Trust
Bps	Basis points
Cap rate	Capitalisation rate
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
Distribution yield	Distribution paid out per share divided by the price per share
DRP	Distribution Reinvestment Plan
ELC	Early Learning Centres
EV	Enterprise value
FFO	Funds from operations
FIRB	Foreign Investment Review Board
FSG	Financial Service Guide
FUA	Funds under administration
FYxx	12-month financial year ended 30 June 20xx
GAV	Gross asset value
Gearing Ratio	Calculated as Net Debt / Total Assets
GHC	Generation Healthcare
GN15	Guidance Note 15 outlining recommend procedures for a trust schemes
GT Model	Financial model prepared by GTCF
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
Healthscope	Healthscope Limited
IER or Report	Independent Expert's Report
IPO	Initial public offering
KPI	Key performance indicator
LTM	Last twelve months
NAV	Net asset value
Net Assets	Net assets approach
NorthWest	NorthWest Healthcare Properties Real Estate Investment Trust
NSW	New South Wales
NTA	Net Tangible Assets
NTM	Next twelve months
P.a.	Per annum



Ramsay	Ramsay Health Care
RBA	Reserve Bank of Australia
RE	Responsible Entity
Recosia	Recosia Private Limited
REIT	Real Estate Investment Trust
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
Scheme	Scheme of Arrangement
SIA	Scheme Implementation Agreement
STARS	The Surgical, Treatment and Rehabilitation Services building located in the Herston Health precinct.
Units	Combination of three separate classes of units on issue, Wholesale, Retail and Class A.
VWAP	Volume Weighted Average Price
VHP	Vital Healthcare Property Trust
WACR	Weighted Average Capitalisation Rate
WALE	Weighted Average Lease Expiry
Yoy	Year on year

Notice of Meeting



Notice is hereby given by the Convening Unitholder that a meeting of Unitholders will be held at:

Time	10:00 am (Melbourne time)
Date	Thursday, 1 July 2021
Place	Grand Hyatt, 123 Collins Street, Melbourne
Proxy Form deadline	10:00 am (Melbourne time) on Monday, 28 June 2021

This meeting is a meeting of the members of AUHPT that is being called and arranged by the Convening Unitholder in accordance with section 252D of the Corporations Act to consider and vote on the Transfer Resolution as a special resolution. The Convening Unitholder has lodged a transfer of Units with the registrar of AUHPT carrying at least 5% of the votes that may be cast at a meeting of the members of AUHPT. NorthWest will pay the expenses of calling and holding the AUHPT Meeting. The AUHPT Meeting is being called in the same way, so far as is possible, in which meetings of the members of AUHPT may be called by AUFM.

Pursuant to section 252S of the Corporations Act, the Unitholders present at the AUHPT Meeting must elect a Unitholder present to chair the AUHPT Meeting. NorthWest intends to nominate a person present to act as Chair of the Meeting at the commencement of the AUHPT Meeting. If a poll is demanded on the appointment of the Chair of the AUHPT Meeting and you have completed this Proxy Form by nominating the Chair of the AUHPT Meeting as your proxy, you will have instructed NorthWest's nominee to vote in favour of their appointment as Chair of the AUHPT Meeting.

1. Business

The business of the meeting will be to consider and, if thought fit, pass the following resolution as a special resolution.

2. Resolution 1: Transfer Resolution

*That, for the purpose of section 601GC(1) of the Corporations Act and for all other purposes, the constitution of Australian Unity Healthcare Property Trust (ARSN 092 755 318) (**Constitution**) be modified in accordance with the Annexure to the Supplemental Deed at Annexure C to the Trust Scheme Booklet, and that Australian Unity Funds Management Limited must sign and lodge the Supplemental Deed, together with any necessary forms, with the Australian Securities and Investments Commission on 10:00 am (Melbourne time) on Friday, 2 July 2021 to give effect to the modifications to the Constitution.*

This resolution will be decided as a special resolution on a poll and can only be passed if at least 75% of the value of eligible Units voted on the resolution are in favour.

3. Voting eligibility

In accordance with section 253E of the Corporations Act, AUFM and its associates are not entitled to vote on the Transfer Resolution if they have an interest in the Transfer Resolution other than as a member of AUHPT.

Votes cast by NorthWest and the Relevant Unitholders at the AUHPT Meeting will be separately tagged so that these votes can be clearly identified for the purpose of recording voting at the AUHPT Meeting.

4. Background information

This Notice of Meeting should be read in conjunction with the Trust Scheme Booklet accompanying this Notice of Meeting. The Trust Scheme Booklet contains an explanation of the resolution and further information about the Trust Scheme to enable you to make an informed decision as to how to vote on the resolution.

Unless otherwise defined in this Notice of Meeting, terms used in this Notice of Meeting have the same meaning as defined in the Glossary.

5. Entitlement to vote

If you are registered on the Register as a Unitholder, then you will be entitled to attend and vote at the AUHPT Meeting, unless otherwise noted in this Notice of Meeting.

6. Voting

6.1 Voting in person

If you wish to vote in person, you must attend the AUHPT Meeting. Registration for the AUHPT Meeting commences at 9:00 am (Melbourne time). Please allow sufficient time prior to the time designated for the start of the AUHPT Meeting so that the value of your Units may be checked against the Register and your attendance can be noted.

If you cannot attend the AUHPT Meeting, you may vote by proxy, attorney or if you are a body corporate, by appointing a corporate representative.

6.2 Voting by attorney

If you intend to appoint an attorney to act on your behalf at the AUHPT Meeting, such appointment must be made by a duly executed power of attorney. Unless the power of attorney has been provided to Computershare prior to the AUHPT Meeting, the attorney must bring to the AUHPT Meeting the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the AUHPT Meeting.

6.3 Voting by corporate representative

A body corporate which is a Unitholder may appoint an individual to act as its corporate representative.

The appointment must comply with the requirements of section 253B of the Corporations Act. Unless the appointment has been provided to Computershare prior to the AUHPT Meeting, the corporate representative must bring to the AUHPT Meeting satisfactory evidence of his or her appointment, including any authority under which it is signed.

6.4 Voting by proxy

If you cannot or do not wish to attend the AUHPT Meeting, you may appoint a representative or the Chair to act as your proxy to attend and vote at the AUHPT Meeting on your behalf. The proxy does not need to be a Unitholder. If you appoint a proxy, you may still attend the AUHPT Meeting, however, your proxy will not be able to vote your Units at the AUHPT Meeting while you are present.

A proxy is entitled to vote on a poll and a show of hands. If you are entitled to cast two or more votes at the AUHPT Meeting, you may appoint two proxies and specify the proportion or number of votes each proxy is entitled to exercise. Where a proportion is not specified, each proxy may exercise half of your voting rights.

The Proxy Form for the AUHPT Meeting accompanies this Trust Scheme Booklet. The Proxy Form must be signed by the Unitholder or their attorney or, in the case of a corporation, executed in accordance with section 127 of the Corporations Act or signed by an authorised officer or attorney.

If the Proxy Form is signed by an attorney or by an authorised officer of a corporation, the original or a certified copy of the power of attorney or other authority must accompany the Proxy Form unless it has previously been provided to Computershare. If the Proxy Form is sent by fax, any accompanying power of attorney or other authority must be certified.

Where a Unitholder appoints a body corporate as proxy, that body corporate will need to ensure that:

- (a) it appoints an individual as its corporate representative to exercise its powers at the AUHPT Meeting, in accordance with 253B of the Corporations Act; and
- (b) unless the appointment has been previously provided to Computershare, the corporate representative must bring to the AUHPT Meeting satisfactory evidence of their appointment, including any authority under which it was signed.

The Proxy Form, duly completed in accordance with the instructions set out on each Proxy Form, may be returned to Computershare by posting it in the reply paid envelope provided or delivering it to one of the addresses below before 10:00 am (Melbourne time) on Monday, 28 June 2021:

By post

Australian Unity Healthcare Property Trust
C/- Computershare Investor Services Pty
Limited
GPO Box 2062
Melbourne, Victoria, 8060, Australia

By fax

1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

By hand*

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067, Australia

*(during business hours on a Business Day)

6.4 Voting by proxy (continued)

If a signed Proxy Form is returned and does not include the name of a proxy being appointed, the Chair of the AUHPT Meeting will be deemed to be appointed. The Chair is instructed by the Proxy Form to vote undirected proxies in favour of the Transfer Resolution.

Computershare will ensure all Proxy Forms are delivered to AUFM's registered office by no later than 10:00 am (Melbourne time) on Tuesday, 29 June 2021 as, to be effective, the Corporations Act requires that Proxy Forms must be received by AUFM at least 48 hours before the AUHPT Meeting. Proxy Forms received by AUFM after that time and date will not be effective for the AUHPT Meeting.

To enable Computershare to ensure all Proxy Forms, which are duly completed in accordance with the instructions set out on each Proxy Form, are delivered to AUFM by 10:00 am (Melbourne time) on Tuesday, 29 June 2021, NorthWest recommends that Unitholders return their Proxy Forms to Computershare as soon as practicable, but no later than 10:00 am (Melbourne time) on Monday, 28 June 2021.

6.5 Jointly held Units

If Units are jointly held, the vote of the Unitholder whose name appears first in the Register will be accepted to the exclusion of the votes of all other joint holders. If that Unitholder does not vote, the next named joint Unitholder may exercise the voting rights of the jointly held Units.

7 Appointment of Chair

NorthWest intends to nominate a person present to act as Chair of the Meeting at the commencement of the AUHPT Meeting. If a poll is demanded on the appointment of the Chair of the AUHPT Meeting and you have completed this Proxy Form by nominating the Chair of the AUHPT Meeting as your proxy, you will have instructed NorthWest's nominee to vote in favour of their appointment as Chair of the AUHPT Meeting.

NorthWest in its own right and under power of attorney given by each of the Relevant Unitholders identified in the Trust Scheme Booklet (pending registration of a transfer of Units to NorthWest).



Craig Mitchell

Director

NorthWest
E: Craig.Mitchell@nwhreit.com
W: northwesternproposal.com.au

Supplemental Deed





Supplemental Deed

Australian Unity Funds Management Limited

ACN 071 497 115

Australian Unity Healthcare Property Trust

ARSN 092 755 318

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THIS DEED POLL is made on 2 July 2021.

BY: **Australian Unity Funds Management Limited** (ACN 071 497 115) whose registered office is at Level 15, 271 Spring Street, Melbourne, Victoria, 3000 in its capacity as responsible entity of the **Australian Unity Healthcare Property Trust** (ARSN 092 755 318) (**Responsible Entity**).

RECITALS:

- (A) The Trust was established by the Trust Deed.
- (B) The Responsible Entity is the responsible entity of the Trust.
- (C) Section 601GC(1)(a) of the Corporations Act provides that the constitution of a registered scheme may be modified, or repealed and replaced with a new constitution, by special resolution of the members of the scheme.
- (D) At a meeting of members of the Trust on Thursday, 1 July 2021 (including any adjournment to that meeting), it was resolved by special resolution that the Constitution be modified as set out in this document.
- (E) Accordingly, the Responsible Entity must sign and lodge a copy of the modification to the Constitution set out in this document with the Australian Securities and Investments Commission.
- (F) In accordance with section 601GC(2) of the Corporations Act, the modification to the Constitution contemplated by this document takes effect upon a copy of this document being lodged with the Australian Securities and Investments Commission.

THE RESPONSIBLE ENTITY DECLARES AS FOLLOWS:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this document:

Constitution means the deed poll dated 17 June 1998 which was adopted by the Responsible Entity as the constitution of the Trust, as modified, varied or replaced from time to time. The benefit and obligations of the Constitution apply to and bind the Responsible Entity in the administration of the Trust.

Trust means the Australian Unity Healthcare Property Trust (ARSN 092 755 318).

Trust Deed means the deed of trust made between the Responsible Entity and Perpetual Trustee Company Limited (ACN 000 001 007) dated 17 June 1998 as amended from time to time.

1.2 **Interpretation**

- (a) Headings are inserted for convenience only and do not affect the interpretation of this document.
- (b) Terms not defined in this document but defined in the Constitution have the same meaning as when used in this document, unless the context required otherwise.

2. **MODIFICATION OF CONSTITUTION**

The Constitution is modified in the manner set out in the Annexure to the Supplemental Deed.

3. **NO RESETTLEMENT**

The Responsible Entity confirms that it is not by this document intending do:

- (a) resettle or declare the Trust declared under the Trust Deed; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

4. **EFFECT OF AMENDMENTS**

The amendments to the Constitution do not affect the validity or enforceability of any other provisions of the Constitution.

5. **BINDING PROVISIONS**

The provisions of this document are binding on and are made for the benefit of the Responsible Entity, each member of the Scheme and all persons claiming through them.

6. **GOVERNING LAW**

- (a) This document is governed by the laws in force in Victoria.
- (b) The Responsible Entity submits to the non-exclusive jurisdiction of the Courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection this document.

EXECUTED as a deed poll.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED by **AUSTRALIAN UNITY FUNDS MANAGEMENT LIMITED** in its capacity as responsible entity of the **AUSTRALIAN UNITY HEALTHCARE PROPERTY TRUST**:

Signature of director

Signature of director/secretary

Name

Name

Annexure to the Supplemental Deed

The Constitution is modified as follows:

1. **Clause 1.1 – Definitions**

By inserting the following definitions in clause 1.1, in alphabetical order:

Aggregate Cash Price means the Cash Price multiplied by the number of Scheme Units.

AUHPT Meeting means the meeting of Members, held on Thursday, 1 July 2021 and convened in accordance with the Corporations Act to consider and, if thought fit, approve the Transfer Resolution, and includes any adjournment of that meeting.

Cash Price means:

- (a) \$2.55 per Wholesale Unit;
- (b) \$2.61 per Retail Unit; and
- (c) \$1.62 per Class A Unit,

subject to any reduction required under clause 23.10.

Condition Precedent means the Adverse Event condition precedent set out in section 9 (Glossary) of the Trust Scheme Booklet.

Deed Poll means the deed poll dated 28 May 2021 executed by NorthWest and NorthWest RE in favour of Participants.

Effective Date means the date on which the modifications to this constitution to facilitate the NorthWest Trust Scheme came into effect pursuant to section 601GC(2) of the Corporations Act.

Implementation Date means the date which is ten Business Days after the Record Date or such later date determined by NorthWest and notified to Members.

Non-Transferred Unit means a Unit on Issue that is held by NorthWest, NorthWest Hold Trust or Salveo Trust, either directly or indirectly, on the Record Date.

NorthWest means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NorthWest Australia Hospital Investment No.2 Bid Trust.

NorthWest RE means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) in its personal capacity.

NorthWest Hold Trust means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NWH Australia Hold Trust No.2 (ABN 30 509 426 887).

NorthWest Trust Scheme means the arrangement under which NorthWest will acquire all of the Scheme Units for the Aggregate Cash Price.

Participant means a person registered as the holder of a Scheme Unit on the Record Date.

Paying Agent means Computershare Investor Services Pty Limited (ACN 078 279 277) as operator of the Scheme Trust Account.

Record Date means 7:00 pm (Melbourne time) on Monday, 5 July 2021, or such later date determined by NorthWest and notified to Members.

Register means the register of holders of Units on Issue from time to time.

Salveo Trust means Perpetual Corporate Trust Limited (000 341 533) in its capacity as trustee of Salveo Trust (ABN 74 973 461 597).

Scheme Transfer means, for each Participant, a proper instrument of transfer of their Scheme Units, which may be a master transfer of all or part of all of the Scheme Units.

Scheme Trust Account means an Australian dollar denominated trust account in the name of the Paying Agent.

Scheme Unit means a Unit on Issue on the Record Date other than any Non-Transferred Unit.

Transfer Resolution means a resolution of Members to approve the NorthWest Trust Scheme comprising a special resolution for the purpose of section 601GC(1) of the Corporations Act to approve the modifications to this constitution to facilitate the implementation of the NorthWest Trust Scheme.

Trust Scheme Booklet means the explanatory memorandum, including the annexures to it, sent to Members in connection with the AUHPT Meeting.

2. **Clause 23 – NorthWest Trust Scheme**

By inserting a new clause 23 as set out below:

23. NorthWest Trust Scheme

This clause 23 applies on and from the Effective Date and is conditional on the Condition Precedent being satisfied or waived by NorthWest in writing.

23.1. Dealings in Units

- (a) For the purpose of establishing the persons who are Participants, dealings in Units will only be recognised if registrable transfers or transmission applications in respect of those dealings are received by the Responsible Entity by the Record Date.
- (b) Despite any other provision of this constitution, the Responsible Entity will register registrable transfers or transmission applications of the kind referred to in clause 23.1(a) by, or as soon as practicable after, the Record Date.
- (c) The persons shown in the Register, and the number of Scheme Units shown as being held by them, after registration of transfer and transmission applications of the kind referred to in clause 23.1(a), will be taken to be the Participants, and the number of Scheme Units held by them, on the Record Date.
- (d) Despite any other provision of this constitution, the Responsible Entity will not accept for registration, nor recognise for the purpose of establishing the persons who are Participants, any transfer or transmission application in respect of Units received after the Record Date (or received prior to the Record Date not in registrable form).

- (e) The Responsible Entity will, until NorthWest has been entered into the Register as the holder of all the Scheme Units under clause 23.4(c), maintain or procure the maintenance of the Register in accordance with this clause 23.1. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 23.1(a) will solely determine the persons who are Participants and their entitlements to the Aggregate Cash Price.
- (f) From the Record Date and until registration of NorthWest as the holder of all Scheme Units under clause 23.4(c), no Participant may deal with Units in any way except as set out in this clause 23 and any attempt to do so will have no effect.
- (g) As from the Record Date, and without limiting clause 23.6, (and, other than for NorthWest, following the Implementation Date):
 - (i) all unit certificates and holding statements for Scheme Units will cease to have effect as documents of title in respect of those Scheme Units; and
 - (ii) each entry in the Register as at the Record Date relating to the Scheme Units will cease to have any effect other than as evidence of the entitlements of Participants to payment of the Cash Price in respect of the Scheme Units.
- (h) As soon as practicable after the Record Date but before the Implementation Date, the Responsible Entity must give to NorthWest:
 - (i) details of the names and addresses shown in the Register; and
 - (ii) subject to any obligations under applicable law, details of bank accounts nominated by Members to receive distribution payments for the purpose of paying or procuring the payment of the Cash Price,

of all Participants and of the number of Scheme Units held by each of them on the Record Date in such form as NorthWest may reasonably require.

23.2. Deposit of Aggregate Cash Price

- (a) By no later than 10:00 am on the date that is one Business Day before the Implementation Date, NorthWest must, in consideration for the transfer of the Scheme Units under clause 23.4, deposit (or procure the deposit) in cleared funds into the Scheme Trust Account an amount equal to the Aggregate Cash Price (less any amounts required to be withheld and remitted to the Australian Taxation Office (**ATO**)).
- (b) The Paying Agent must, and NorthWest must procure that the Paying Agent, hold any amounts deposited into the Scheme Trust Account under clause 23.2(a) for the purpose of paying (or procuring the payment to) each Participant in accordance with clause 23.3 (except that the amount of any interest on the amounts deposited into the Scheme Trust Account (less any bank fees and other charges) will be to NorthWest's account).
- (c) For the avoidance of doubt, any amounts deposited into the Scheme Trust Account under clause 23.2(a) shall not constitute Assets.

23.3. Payment to Participants

- (a) On the Implementation Date, subject to NorthWest having satisfied its obligations under the Deed Poll, the Paying Agent must, and NorthWest must procure that the Paying Agent, pay (or procure the payment to) each Participant from the Scheme Trust Account the Cash Price per Scheme Unit held by that Participant at the Record Date (less any amounts required to be withheld) in accordance with clause 23.3(b).
- (b) The obligations of the Paying Agent, and the obligations of NorthWest to procure that the Paying Agent perform those obligations, under clause 23.3(a) will be satisfied by the Paying Agent either:
 - (i) where, before the Record Date:
 - (A) the Responsible Entity has given to NorthWest bank account details nominated by a Participant to receive distribution payments; or
 - (B) a Participant has complied with the requirements of the Paying Agent for nominating a bank account to receive the Cash Price,
 - by electronic funds transfer to the account nominated by the Participant; or
 - (ii) otherwise, by cheque sent by pre-paid post:
 - (A) in the case of Participants who are registered as holding the Scheme Units jointly the address recorded in the Register on the Record Date of the person whose name appears first in the Register in respect of the joint holding; and
 - (B) otherwise – to the Participant's address recorded in the Register on the Record Date.

23.4. Transfer of Scheme Units to NorthWest

On the Implementation Date, and subject to NorthWest having satisfied its obligations under the Deed Poll and the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, all of the Scheme Units, together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date, will be transferred to NorthWest without the need for any further act by any Participant (other than acts performed by NorthWest RE (or its directors or officers) as attorney or agent of the Participants under clause 23.5) by:

- (a) NorthWest RE delivering, or procuring the delivery, to NorthWest for execution duly completed Scheme Transfers to transfer all of the Scheme Units to NorthWest, duly executed by NorthWest RE (or any of its directors or officers) as attorney or agent of the Participants under clause 23.5;
- (b) NorthWest executing the Scheme Transfers as transferee and delivering them to the Responsible Entity for registration; and
- (c) despite any other provision of this constitution (including clause 12.1) the Responsible Entity, immediately after receipt of the executed Scheme Transfers under clause 23.4(b), entering, or procuring the entry of, the name and address of NorthWest in the Register as the holder of all the Scheme Units.

23.5. Covenants by Responsible Entity and Members

- (a) Each Participant and the Responsible Entity must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the NorthWest Trust Scheme and the transactions contemplated by it.
- (b) Without limiting the Responsible Entity's other powers under this clause 23, the Responsible Entity has power to do all things that it considers necessary, desirable or reasonably incidental to give effect to the NorthWest Trust Scheme and the transactions contemplated by it.
- (c) Each Participant, without the need for any further act, irrevocably:
 - (i) agrees to the transfer of all of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date, to NorthWest in accordance with this clause 23;
 - (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Units arising from this clause 23;
 - (iii) appoints the Responsible Entity as that Participant's attorney and agent (as irrevocably delegated to NorthWest RE and each of its directors and officers, jointly and severally, in accordance with clause 23.5(d)) for the purpose of executing any document or doing any other act necessary to give full effect to the NorthWest Trust Scheme, this clause 23, and the transactions contemplated by them, including providing to NorthWest on behalf of that Participant a warranty by the Participant in the terms of the deemed warranty in clause 23.6(a); and
 - (iv) consents to the Responsible Entity, NorthWest RE (as sub-attorney for the Participants appointed in accordance with clause 23.5(d)) and NorthWest doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the NorthWest Trust Scheme, this clause 23 and the transactions contemplated by them.
- (d) On the Effective Date, the Responsible Entity, pursuant to its appointment as attorney and agent for each of the Participants under clause 23.5(c)(ii), irrevocably appoints NorthWest RE, and each of its directors and officers, jointly and severally, as the sub-attorney and subagent for each of the Participants. Following the appointment of the NorthWest RE as sub-attorney and sub-agent for each of the Participants, the Responsible Entity agrees that NorthWest RE, and not the Responsible Entity, will act as attorney and agent for each of the Participants.
- (e) NorthWest RE, as attorney and agent for each Participant, may sub-delegate its functions, authorities or powers under this clause 23.5 to all or any of its directors and officers (jointly, severally, or jointly and severally).
- (f) Subject to the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, from the Implementation Date until the Responsible Entity registers NorthWest as the holder of all Scheme Units in the Register, each Participant irrevocably appoints NorthWest (or any nominee of NorthWest) and each of NorthWest's directors (or the directors

of any nominee of NorthWest) from time to time (jointly and each of them individually) as its sole proxy and, where applicable, corporate representative for the purpose of:

- (i) attending Member meetings;
- (ii) exercising the votes attaching to the Scheme Units of which they are the registered holder in the Register; and
- (iii) signing any Members' resolution,

and no Participant may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 23.5(f).

23.6. Status of Scheme Units

- (a) Each Participant warrants to NorthWest that:
 - (i) all of their Scheme Units (and any rights and entitlements attaching to those Units) which are transferred to NorthWest under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme will, at the date of the transfer of them to NorthWest, be fully paid and free from all mortgages, charges, liens, encumbrances, security interests (including "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (ii) that they have full power and capacity to sell and to transfer their Scheme Units (including any rights and entitlements attaching to those Units) to NorthWest pursuant to the NorthWest Trust Scheme.
- (b) To the extent permitted by law, all Scheme Units (and any rights and entitlements attaching to those Units) which are transferred to NorthWest under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme will, at the date of the transfer of them to NorthWest, be fully paid and free from all mortgages, charges, liens, encumbrances, security interests (including "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (c) Subject to the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, NorthWest will be beneficially entitled to the Scheme Units transferred to it under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme pending registration by the Responsible Entity of the name and address of NorthWest in the Register as the holder of those Scheme Units.

23.7. Effect of clause 23

This clause 23:

- (a) binds the Responsible Entity and all Participants, including those who do not attend the AUHPT Meeting, those who do not vote at the AUHPT

Meeting and those who vote against the Proposal at the AUHPT Meeting;
and

- (b) overrides the other provisions of this constitution to the extent of any inconsistency (but, for the avoidance of doubt, remains subject to the Corporations Act).

23.8. Implementation of NorthWest Trust Scheme

Subject to the Corporations Act, NorthWest, NorthWest RE and any of their respective directors, officers, employees or associates may do any act, matter or thing described in or contemplated by this clause 23 even if they have an interest (financial or otherwise) in the outcome or in the act, matter or thing or any consequence thereof.

23.9. Unclaimed monies

- (a) The *Unclaimed Moneys Act 2008* (Vic) will apply in relation to any amount payable to a Participant under the NorthWest Trust Scheme which becomes "unclaimed money" (as defined in section 3 of that legislation).
- (b) The Paying Agent may cancel a cheque issued on account of the Cash Price paid in respect of a Scheme Unit if the cheque:
 - (i) is returned to the Responsible Entity; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.

23.10. Orders of court or Government Agency

- (a) The Paying Agent may deduct and withhold from the Cash Price which would otherwise be payable to a Participant in respect of a Scheme Unit, any amount which NorthWest determines is required to be deducted and withheld from that consideration under any applicable law including any order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under the NorthWest Trust Scheme as having been paid to the person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Government Agency.
- (c) If written notice is given to the Responsible Entity (or the Paying Agent) of an order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency which:
 - (i) requires consideration that would otherwise have been payable or provided to a Participant under the NorthWest Trust Scheme to instead be paid or provided to a Government Agency or other third party (either through payment of a sum or the issuance of a security) then the Paying Agent shall be entitled to procure that payment or provision of that consideration is made in accordance with that order, direction or notice (and payment or provision of that consideration in accordance with that order, direction or notice will be treated for all purposes under the NorthWest Trust Scheme as having been paid or provided to that Participant); or

- (ii) that prevents the Paying Agent from providing consideration to any particular Participant under the NorthWest Trust Scheme, or the payment or provision of such consideration is otherwise prohibited by applicable law, the Paying Agent will be entitled to retain the Cash Price to which that Participant would otherwise be entitled for a Scheme Unit under the NorthWest Trust Scheme until such time as provision or payment of the Cash Price for that Scheme Unit under the NorthWest Trust Scheme is permitted by that order, direction or notice or otherwise by law.

23.11. Distributions

Notwithstanding any other provision of this Constitution, the Implementation Date will be a Distribution Calculation Date.

Deed Poll



EXECUTION VERSION

ashurst

Deed Poll

NorthWest Healthcare Australia RE Limited

ACN 612 310 148
in its personal capacity

NorthWest Healthcare Australia RE Limited

ACN 612 310 148
in its capacity as trustee of the NorthWest Australia Hospital Investment No.2 Bid Trust

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THIS DOCUMENT is made on 2021.

BY:

NorthWest Healthcare Australia RE Limited (ACN 612 310 148) in its personal capacity (**NorthWest RE**).

NorthWest Healthcare Australia RE Limited (ACN 612 310 148) in its capacity as trustee for the NorthWest Australia Hospital Investment No.2 Bid Trust (**NorthWest**).

FOR THE BENEFIT OF:

each **Participant**.

RECITALS:

- (A) NorthWest proposes to acquire by way of the NorthWest Trust Scheme all of the Units in AUHPT, other than the Non-Transferred Units.
- (B) NorthWest and NorthWest RE are entering into this document to covenant in favour of the Participants that they will observe and perform their obligations to implement the NorthWest Trust Scheme.

THE PARTIES AGREE AS FOLLOWS:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

Aggregate Cash Price means the Cash Price multiplied by the number of Scheme Units.

AUHPT means the Australian Unity Healthcare Property Trust (ARSN 092 755 318).

Business Day means a day (other than a Saturday, Sunday, or public holiday) on which banks are open for general banking business in both Melbourne, Victoria and Sydney, New South Wales.

Cash Price means:

- (a) \$2.55 per Wholesale Unit;
- (b) \$2.61 per Retail Unit; and
- (c) \$1.62 per Class A Unit,

subject to any reduction made in accordance with the Modified Constitution.

Class A Unit has the meaning given in the Constitution.

Constitution means the deed poll dated 17 June 1998 which was adopted by the responsible entity of AUHPT as the constitution of AUHPT, as modified, varied or replaced from time to time.

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

Effective means the coming into effect of the Modified Constitution pursuant to section 601GC(2) of the Corporations Act.

End Date means 31 December 2021, subject to any extension determined by NorthWest and notified to Unitholders.

Insolvency Event means, in relation to a person:

- (a) **(insolvency official)** the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (b) **(arrangements)**
 - (i) the entry by the person into a compromise or arrangement with its creditors generally or, if it is a trustee, the creditors of its trust generally; or
 - (ii) the person executes a deed of company arrangement;
- (c) **(winding up)**
 - (i) a court makes an order for the winding up of the person; or
 - (ii) the making of an application or order for the winding up or dissolution of the person, other than where the application or order (as the case may be) is set aside within 14 days;
- (d) **(statutory demand)** being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (e) **(suspends payments)** the person suspends or threatens to suspend payment of its debts or, if it is a trustee, the debts of the trust;
- (f) **(insolvency)** the person is or becomes unable to pay its debts or, if it is a trustee, the debts of its trust, as and when they fall due within the meaning of the Corporations Act or is (or if it is a trustee, its trust is) otherwise presumed to be insolvent under the Corporations Act; or
- (g) **(analogous event)** any analogous event occurring in relation to that person under the laws of another jurisdiction.

Modified Constitution means the Constitution as modified in accordance with the Transfer Resolution, the form of the modifications being set out in Schedule 1, with any alterations or amendments determined by NorthWest and notified to Unitholders.

Non-Transferred Unit means a Unit on issue that is held by NorthWest, NorthWest Hold Trust or Salveo Trust, either directly or indirectly, on the Record Date.

NorthWest Hold Trust means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NWH Australia Hold Trust No.2 (ABN 30 509 426 887).

NorthWest Trust means NorthWest Australia Hospital Investment No.2 Bid Trust.

NorthWest Trust Deed means the trust deed establishing the NorthWest Trust, as amended from time to time.

NorthWest Trust Scheme means the arrangement under which NorthWest will acquire all of the Scheme Units for the Aggregate Cash Price.

Participant means a person registered as the holder of a Scheme Unit on the Record Date.

Paying Agent means Computershare Investor Services Pty Limited (ACN 078 279 277) as operator of the Scheme Trust Account.

Record Date means 7:00 pm (Melbourne time) on Monday, 5 July 2021, or such later date determined by NorthWest and notified to Unitholders.

Register means the register of holders of Units on issue from time to time.

Retail Unit has the meaning given in the Constitution.

Salveo Trust means Perpetual Corporate Trust Limited (000 341 533) in its capacity as trustee of Salveo Trust (ABN 74 973 461 597).

Scheme Trust Account means an Australian dollar denominated trust account in the name of the Paying Agent.

Scheme Unit means a Unit on issue on the Record Date other than any Non-Transferred Units.

Transfer Resolution means the resolution of Unitholders to approve the NorthWest Trust Scheme comprising a special resolution for the purpose of section 601GC(1) of the Corporations Act to approve the amendments to the Constitution as set out in the Modified Constitution.

Unit has the meaning given in the Constitution.

Unitholder means a person who is registered as the holder of an Unit in the Register from time to time.

Wholesale Unit has the meaning given in the Constitution.

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.

- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The word **associate** has the meaning given in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document.
- (g) Each of the words **body**, **body corporate**, **controller** and **officer** have the same meaning as in section 9 the Corporations Act, and the word **entity** has the meaning given in section 64A of the Corporations Act.
- (h) A reference to **\$**, **dollar**, or **cent** is to Australian currency.
- (i) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (j) The expression **this document** includes the agreement, arrangement, understanding, or transaction recorded in this document.
- (k) A reference to time in this document is a reference to the time in Melbourne, Victoria.

1.3 **Non Business Days**

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

2. **CONDITION PRECEDENT AND TERMINATION**

2.1 **Condition precedent**

The obligations of NorthWest and NorthWest RE under this document are subject to the Modified Constitution becoming Effective.

2.2 **Termination**

The obligations of NorthWest and NorthWest RE under this document will automatically terminate and be of no further force or effect if the Modified Constitution has not become Effective on or before the End Date.

2.3 **Consequences of Termination**

If this document is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Participants:

- (a) NorthWest and NorthWest RE are each released from their respective obligations under this document except those obligations under clause 6; and
- (b) each Participant retains any rights, powers or remedies that the Participant has against NorthWest or NorthWest RE in respect of any breach of its obligations under this document that occurred before termination of this document.

3. COMPLIANCE WITH NORTHWEST TRUST SCHEME OBLIGATIONS

3.1 NorthWest Trust Scheme obligations of NorthWest and NorthWest RE

- (a) NorthWest and NorthWest RE each covenant in favour of each Participant that it will duly and punctually observe and perform all obligations contemplated of it under and in accordance with the NorthWest Trust Scheme, including the relevant obligations relating to the provision of the Aggregate Cash Price.
- (b) NorthWest covenants in favour of each Participant that it will procure that the Paying Agent observe and perform all obligations contemplated of it under and in accordance with the NorthWest Trust Scheme, including the relevant obligations relating to payment of the Aggregate Cash Price to Unitholders.

3.2 NorthWest Trust Scheme Implementation

- (a) NorthWest and NorthWest RE will each do all things that they are respectively required to do under the Modified Constitution to implement the NorthWest Trust Scheme.
- (b) Notwithstanding any other provision of this document, NorthWest RE does not guarantee, assume or agree to perform any of the obligations of NorthWest under this document, the Modified Constitution or otherwise in relation to the NorthWest Trust Scheme.

3.3 Appointment as attorney for Participants

NorthWest RE:

- (a) acknowledges that it, along with its directors and officers, is appointed as attorney and agent for the Participants under the Modified Constitution for the purposes of implementing the NorthWest Trust Scheme, including transferring the Scheme Units to NorthWest; and
- (b) accepts and agrees to the appointment as attorney and agent.

4. WARRANTIES

NorthWest and NorthWest RE each represent and warrant in favour of each Participant that:

- (a) **(status)** it is a company limited by shares under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to enter into this document and to carry out the transactions that this document contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this document in its relevant capacity and its carrying out of the transactions this document contemplates;
- (d) **(documents effective)** this document constitutes its legal, valid, and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no Insolvency Event)** none of it or its subsidiaries is affected by an Insolvency Event,

and NorthWest represents and warrants in favour of each Participant that:

- (f) **(trust)**

- (i) the NorthWest Trust is duly constituted and no action has been taken to terminate or wind up the NorthWest Trust nor has the date or any event occurred for the vesting of the NorthWest Trust;
- (ii) NorthWest is the only trustee of the NorthWest Trust;
- (iii) NorthWest has been validly appointed as trustee of NorthWest Trust and it has not given any notice of resignation and no action has been taken or proposed to remove it as trustee of the NorthWest Trust or appoint an additional trustee of the NorthWest Trust;
- (iv) the NorthWest Trust Deed was properly executed and appropriately stamped;
- (v) NorthWest has full legal capacity and power under the NorthWest Trust Deed to enter into and perform its obligations under this document; and
- (vi) NorthWest has a right to be fully indemnified out of the NorthWest Trust in relation to this document and all of its obligations and liabilities under this document (other than in the case of its fraud, negligence, or breach of trust) and, to the best of its knowledge and belief, there is nothing that would prevent it from being fully indemnified out of the NorthWest Trust for any obligations under or in connection with this document or any of the transactions contemplated by this document that it incurs in its capacity as trustee of the NorthWest Trust.

5. NATURE OF DEED POLL

5.1 Reliance

NorthWest and NorthWest RE each acknowledge that this document may be relied on and enforced by any Participant in accordance with its terms even though the Participant is not party to it.

5.2 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

- (a) NorthWest and NorthWest RE have completely performed their obligations under this document; and
- (b) termination of this document under clause 2.

6. STAMP DUTY

NorthWest must:

- (a) pay or reimburse all stamp duty, registration fees, and similar taxes payable on this document or assessed as being payable in connection with this document or any transaction contemplated by this document including the transfer of the Scheme Units to NorthWest pursuant to the Modified Constitution (including any fees, fines, penalties, and interest in connection with any of those amounts); and
- (b) indemnify each Participant on demand against, and agree to reimburse and compensate it for, any liability in respect of stamp duty, registration fees and similar taxes arising from a failure to comply with clause 6(a).

7. NORTHWEST LIMITATION OF LIABILITY

- (a) NorthWest enters into this document only in its capacity as trustee of the NorthWest Trust and in no other capacity. A liability arising under or in connection with this document is limited to and can be enforced against NorthWest only to the extent to which it can be satisfied out of property of the NorthWest Trust out of which NorthWest is actually indemnified for the liability. This limitation of NorthWest's liability applies despite any other provision of this document and extends to all liabilities and obligations of NorthWest in any way connected with any representation, warranty, conduct, omission, agreement, or transaction related to this document.
- (b) The parties may not sue NorthWest in any capacity other than as trustee of the NorthWest Trust, including seeking the appointment of a receiver (except in relation to property of the NorthWest Trust), a liquidator, an administrator or any similar person to NorthWest as trustee or prove in any liquidation, administration, or arrangement of or affecting NorthWest (except in relation to property of the NorthWest Trust).
- (c) The provisions of this clause 7 shall, subject to paragraph (d) of this clause 7, not apply to any obligation or liability of NorthWest to the extent that it is not satisfied because under the NorthWest Trust Deed or by operation of law there is a reduction in the extent of NorthWest's indemnification out of the assets of the NorthWest Trust, as a result of NorthWest's failure to properly perform its duties as trustee. For these purposes, it is agreed that NorthWest cannot be regarded as having failed to properly perform its duties as trustee to the extent to which any failure by NorthWest to satisfy its obligations or breach of representation or warranty under this document has been caused or contributed to by a failure by any other party to fulfil its obligations under the document or any other act or omission of any other party.
- (d) Nothing in paragraph (c) of this clause 7 shall make NorthWest liable to any claim for an amount greater than the amount which the other parties would have been able to claim and recover from the assets of the NorthWest Trust in relation to the relevant liability if NorthWest's right of indemnification out of the assets of the NorthWest Trust has not been prejudiced by NorthWest's failure to properly perform its duties.
- (e) NorthWest is not obliged to do or refrain from doing anything under this document (including incur any liability) unless NorthWest's liability is limited in the same manner as set out in this clause 7.
- (f) The provisions of this clause 7 shall survive termination of this document.

8. AMENDMENT AND ASSIGNMENT**8.1 Amendment**

A provision of this document may not be amended or varied unless NorthWest and NorthWest RE enter into a further deed poll in favour of each Participant giving effect to that amendment or variation. For the avoidance of doubt, amendments to this document do not require approval by any Participant.

8.2 Assignment

The rights and obligations of a person under this document are personal. They cannot be assigned, encumbered, charged, or otherwise dealt with, and no person shall attempt or purport to do so, without the prior consent of NorthWest and NorthWest RE.

9. **GENERAL**

9.1 **Governing law**

- (a) This document is governed by the law in force in Victoria, Australia.
- (b) NorthWest and NorthWest RE submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

9.2 **Liability for expenses**

Subject to clause 6, each party must pay its own expenses incurred in negotiating, executing, and registering this document.

9.3 **Waiver of rights**

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

9.4 **Operation of this document**

- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

9.5 **Remedies cumulative**

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.6 **Further assurances**

NorthWest and NorthWest RE will each do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this document and the transactions contemplated by it.

9.7 **Electronic signatures**

Electronic signatures, whether digital or encrypted, of a party included in this document are intended to authenticate this document and to have the same force and effect as manual signatures which also includes counterparts of this document executed by a party.

EXECUTED as a deed poll.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED by **NORTHWEST
HEALTHCARE AUSTRALIA RE LIMITED**
in its personal capacity:

Signature of director

Signature of director/secretary

Name

Name

EXECUTED by **NORTHWEST
HEALTHCARE AUSTRALIA RE LIMITED**
in its capacity as trustee of the NWH
Australia Hold Trust No.2:

Signature of director

Signature of director/secretary

Name

Name

SCHEDULE 1
MODIFIED CONSTITUTION

ashurst

Supplemental Deed

Australian Unity Funds Management Limited
ACN 071 497 115

Australian Unity Healthcare Property Trust
ARSN 092 755 318

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THIS DEED POLL is made on 2 July 2021.

BY: **Australian Unity Funds Management Limited** (ACN 071 497 115) whose registered office is at Level 15, 271 Spring Street, Melbourne, Victoria, 3000 in its capacity as responsible entity of the **Australian Unity Healthcare Property Trust** (ARSN 092 755 318) (**Responsible Entity**).

RECITALS:

- (A) The Trust was established by the Trust Deed.
- (B) The Responsible Entity is the responsible entity of the Trust.
- (C) Section 601GC(1)(a) of the Corporations Act provides that the constitution of a registered scheme may be modified, or repealed and replaced with a new constitution, by special resolution of the members of the scheme.
- (D) At a meeting of members of the Trust on Thursday, 1 July 2021 (including any adjournment to that meeting), it was resolved by special resolution that the Constitution be modified as set out in this document.
- (E) Accordingly, the Responsible Entity must sign and lodge a copy of the modification to the Constitution set out in this document with the Australian Securities and Investments Commission.
- (F) In accordance with section 601GC(2) of the Corporations Act, the modification to the Constitution contemplated by this document takes effect upon a copy of this document being lodged with the Australian Securities and Investments Commission.

THE RESPONSIBLE ENTITY DECLARES AS FOLLOWS:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this document:

Constitution means the deed poll dated 17 June 1998 which was adopted by the Responsible Entity as the constitution of the Trust, as modified, varied or replaced from time to time. The benefit and obligations of the Constitution apply to and bind the Responsible Entity in the administration of the Trust.

Trust means the Australian Unity Healthcare Property Trust (ARSN 092 755 318).

Trust Deed means the deed of trust made between the Responsible Entity and Perpetual Trustee Company Limited (ACN 000 001 007) dated 17 June 1998 as amended from time to time.

1.2 **Interpretation**

- (a) Headings are inserted for convenience only and do not affect the interpretation of this document.
- (b) Terms not defined in this document but defined in the Constitution have the same meaning as when used in this document, unless the context required otherwise.

2. **MODIFICATION OF CONSTITUTION**

The Constitution is modified in the manner set out in the Annexure to the Supplemental Deed.

3. **NO RESETTLEMENT**

The Responsible Entity confirms that it is not by this document intending do:

- (a) resettle or declare the Trust declared under the Trust Deed; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

4. **EFFECT OF AMENDMENTS**

The amendments to the Constitution do not affect the validity or enforceability of any other provisions of the Constitution.

5. **BINDING PROVISIONS**

The provisions of this document are binding on and are made for the benefit of the Responsible Entity, each member of the Scheme and all persons claiming through them.

6. **GOVERNING LAW**

- (a) This document is governed by the laws in force in Victoria.
- (b) The Responsible Entity submits to the non-exclusive jurisdiction of the Courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection this document.

EXECUTED as a deed poll.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED by **AUSTRALIAN UNITY FUNDS MANAGEMENT LIMITED** in its capacity as responsible entity of the **AUSTRALIAN UNITY HEALTHCARE PROPERTY TRUST**:

Signature of director

Signature of director/secretary

Name

Name

Annexure to the Supplemental Deed

The Constitution is modified as follows:

1. **Clause 1.1 – Definitions**

By inserting the following definitions in clause 1.1, in alphabetical order:

Aggregate Cash Price means the Cash Price multiplied by the number of Scheme Units.

AUHPT Meeting means the meeting of Members, held on Thursday, 1 July 2021 and convened in accordance with the Corporations Act to consider and, if thought fit, approve the Transfer Resolution, and includes any adjournment of that meeting.

Cash Price means:

- (a) \$2.55 per Wholesale Unit;
- (b) \$2.61 per Retail Unit; and
- (c) \$1.62 per Class A Unit,

subject to any reduction required under clause 23.10.

Condition Precedent means the Adverse Event condition precedent set out in section 9 (Glossary) of the Trust Scheme Booklet.

Deed Poll means the deed poll dated 28 May 2021 executed by NorthWest and NorthWest RE in favour of Participants.

Effective Date means the date on which the modifications to this constitution to facilitate the NorthWest Trust Scheme came into effect pursuant to section 601GC(2) of the Corporations Act.

Implementation Date means the date which is ten Business Days after the Record Date or such later date determined by NorthWest and notified to Members.

Non-Transferred Unit means a Unit on Issue that is held by NorthWest, NorthWest Hold Trust or Salveo Trust, either directly or indirectly, on the Record Date.

NorthWest means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NorthWest Australia Hospital Investment No.2 Bid Trust.

NorthWest RE means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) in its personal capacity.

NorthWest Hold Trust means NorthWest Healthcare Australia RE Limited (ACN 612 310 148) as trustee of NWH Australia Hold Trust No.2 (ABN 30 509 426 887).

NorthWest Trust Scheme means the arrangement under which NorthWest will acquire all of the Scheme Units for the Aggregate Cash Price.

Participant means a person registered as the holder of a Scheme Unit on the Record Date.

Paying Agent means Computershare Investor Services Pty Limited (ACN 078 279 277) as operator of the Scheme Trust Account.

Record Date means 7:00 pm (Melbourne time) on Monday, 5 July 2021, or such later date determined by NorthWest and notified to Members.

Register means the register of holders of Units on Issue from time to time.

Salveo Trust means Perpetual Corporate Trust Limited (000 341 533) in its capacity as trustee of Salveo Trust (ABN 74 973 461 597).

Scheme Transfer means, for each Participant, a proper instrument of transfer of their Scheme Units, which may be a master transfer of all or part of all of the Scheme Units.

Scheme Trust Account means an Australian dollar denominated trust account in the name of the Paying Agent.

Scheme Unit means a Unit on Issue on the Record Date other than any Non-Transferred Unit.

Transfer Resolution means a resolution of Members to approve the NorthWest Trust Scheme comprising a special resolution for the purpose of section 601GC(1) of the Corporations Act to approve the modifications to this constitution to facilitate the implementation of the NorthWest Trust Scheme.

Trust Scheme Booklet means the explanatory memorandum, including the annexures to it, sent to Members in connection with the AUHPT Meeting.

2. **Clause 23 – NorthWest Trust Scheme**

By inserting a new clause 23 as set out below:

23. NorthWest Trust Scheme

This clause 23 applies on and from the Effective Date and is conditional on the Condition Precedent being satisfied or waived by NorthWest in writing.

23.1. Dealings in Units

- (a) For the purpose of establishing the persons who are Participants, dealings in Units will only be recognised if registrable transfers or transmission applications in respect of those dealings are received by the Responsible Entity by the Record Date.
- (b) Despite any other provision of this constitution, the Responsible Entity will register registrable transfers or transmission applications of the kind referred to in clause 23.1(a) by, or as soon as practicable after, the Record Date.
- (c) The persons shown in the Register, and the number of Scheme Units shown as being held by them, after registration of transfer and transmission applications of the kind referred to in clause 23.1(a), will be taken to be the Participants, and the number of Scheme Units held by them, on the Record Date.
- (d) Despite any other provision of this constitution, the Responsible Entity will not accept for registration, nor recognise for the purpose of establishing the persons who are Participants, any transfer or transmission application in respect of Units received after the Record Date (or received prior to the Record Date not in registrable form).

- (e) The Responsible Entity will, until NorthWest has been entered into the Register as the holder of all the Scheme Units under clause 23.4(c), maintain or procure the maintenance of the Register in accordance with this clause 23.1. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 23.1(a) will solely determine the persons who are Participants and their entitlements to the Aggregate Cash Price.
- (f) From the Record Date and until registration of NorthWest as the holder of all Scheme Units under clause 23.4(c), no Participant may deal with Units in any way except as set out in this clause 23 and any attempt to do so will have no effect.
- (g) As from the Record Date, and without limiting clause 23.6, (and, other than for NorthWest, following the Implementation Date):
 - (i) all unit certificates and holding statements for Scheme Units will cease to have effect as documents of title in respect of those Scheme Units; and
 - (ii) each entry in the Register as at the Record Date relating to the Scheme Units will cease to have any effect other than as evidence of the entitlements of Participants to payment of the Cash Price in respect of the Scheme Units.
- (h) As soon as practicable after the Record Date but before the Implementation Date, the Responsible Entity must give to NorthWest:
 - (i) details of the names and addresses shown in the Register; and
 - (ii) subject to any obligations under applicable law, details of bank accounts nominated by Members to receive distribution payments for the purpose of paying or procuring the payment of the Cash Price,

of all Participants and of the number of Scheme Units held by each of them on the Record Date in such form as NorthWest may reasonably require.

23.2. Deposit of Aggregate Cash Price

- (a) By no later than 10:00 am on the date that is one Business Day before the Implementation Date, NorthWest must, in consideration for the transfer of the Scheme Units under clause 23.4, deposit (or procure the deposit) in cleared funds into the Scheme Trust Account an amount equal to the Aggregate Cash Price (less any amounts required to be withheld and remitted to the Australian Taxation Office (**ATO**)).
- (b) The Paying Agent must, and NorthWest must procure that the Paying Agent, hold any amounts deposited into the Scheme Trust Account under clause 23.2(a) for the purpose of paying (or procuring the payment to) each Participant in accordance with clause 23.3 (except that the amount of any interest on the amounts deposited into the Scheme Trust Account (less any bank fees and other charges) will be to NorthWest's account).
- (c) For the avoidance of doubt, any amounts deposited into the Scheme Trust Account under clause 23.2(a) shall not constitute Assets.

23.3. Payment to Participants

- (a) On the Implementation Date, subject to NorthWest having satisfied its obligations under the Deed Poll, the Paying Agent must, and NorthWest must procure that the Paying Agent, pay (or procure the payment to) each Participant from the Scheme Trust Account the Cash Price per Scheme Unit held by that Participant at the Record Date (less any amounts required to be withheld) in accordance with clause 23.3(b).
- (b) The obligations of the Paying Agent, and the obligations of NorthWest to procure that the Paying Agent perform those obligations, under clause 23.3(a) will be satisfied by the Paying Agent either:
 - (i) where, before the Record Date:
 - (A) the Responsible Entity has given to NorthWest bank account details nominated by a Participant to receive distribution payments; or
 - (B) a Participant has complied with the requirements of the Paying Agent for nominating a bank account to receive the Cash Price,
 - by electronic funds transfer to the account nominated by the Participant; or
 - (ii) otherwise, by cheque sent by pre-paid post:
 - (A) in the case of Participants who are registered as holding the Scheme Units jointly the address recorded in the Register on the Record Date of the person whose name appears first in the Register in respect of the joint holding; and
 - (B) otherwise – to the Participant's address recorded in the Register on the Record Date.

23.4. Transfer of Scheme Units to NorthWest

On the Implementation Date, and subject to NorthWest having satisfied its obligations under the Deed Poll and the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, all of the Scheme Units, together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date, will be transferred to NorthWest without the need for any further act by any Participant (other than acts performed by NorthWest RE (or its directors or officers) as attorney or agent of the Participants under clause 23.5) by:

- (a) NorthWest RE delivering, or procuring the delivery, to NorthWest for execution duly completed Scheme Transfers to transfer all of the Scheme Units to NorthWest, duly executed by NorthWest RE (or any of its directors or officers) as attorney or agent of the Participants under clause 23.5;
- (b) NorthWest executing the Scheme Transfers as transferee and delivering them to the Responsible Entity for registration; and
- (c) despite any other provision of this constitution (including clause 12.1) the Responsible Entity, immediately after receipt of the executed Scheme Transfers under clause 23.4(b), entering, or procuring the entry of, the name and address of NorthWest in the Register as the holder of all the Scheme Units.

23.5. Covenants by Responsible Entity and Members

- (a) Each Participant and the Responsible Entity must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the NorthWest Trust Scheme and the transactions contemplated by it.
- (b) Without limiting the Responsible Entity's other powers under this clause 23, the Responsible Entity has power to do all things that it considers necessary, desirable or reasonably incidental to give effect to the NorthWest Trust Scheme and the transactions contemplated by it.
- (c) Each Participant, without the need for any further act, irrevocably:
 - (i) agrees to the transfer of all of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date, to NorthWest in accordance with this clause 23;
 - (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Units arising from this clause 23;
 - (iii) appoints the Responsible Entity as that Participant's attorney and agent (as irrevocably delegated to NorthWest RE and each of its directors and officers, jointly and severally, in accordance with clause 23.5(d)) for the purpose of executing any document or doing any other act necessary to give full effect to the NorthWest Trust Scheme, this clause 23, and the transactions contemplated by them, including providing to NorthWest on behalf of that Participant a warranty by the Participant in the terms of the deemed warranty in clause 23.6(a); and
 - (iv) consents to the Responsible Entity, NorthWest RE (as sub-attorney for the Participants appointed in accordance with clause 23.5(d)) and NorthWest doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the NorthWest Trust Scheme, this clause 23 and the transactions contemplated by them.
- (d) On the Effective Date, the Responsible Entity, pursuant to its appointment as attorney and agent for each of the Participants under clause 23.5(c)(ii), irrevocably appoints NorthWest RE, and each of its directors and officers, jointly and severally, as the sub-attorney and subagent for each of the Participants. Following the appointment of the NorthWest RE as sub-attorney and sub-agent for each of the Participants, the Responsible Entity agrees that NorthWest RE, and not the Responsible Entity, will act as attorney and agent for each of the Participants.
- (e) NorthWest RE, as attorney and agent for each Participant, may sub-delegate its functions, authorities or powers under this clause 23.5 to all or any of its directors and officers (jointly, severally, or jointly and severally).
- (f) Subject to the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, from the Implementation Date until the Responsible Entity registers NorthWest as the holder of all Scheme Units in the Register, each Participant irrevocably appoints NorthWest (or any nominee of NorthWest) and each of NorthWest's directors (or the directors

of any nominee of NorthWest) from time to time (jointly and each of them individually) as its sole proxy and, where applicable, corporate representative for the purpose of:

- (i) attending Member meetings;
- (ii) exercising the votes attaching to the Scheme Units of which they are the registered holder in the Register; and
- (iii) signing any Members' resolution,

and no Participant may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 23.5(f).

23.6. Status of Scheme Units

- (a) Each Participant warrants to NorthWest that:
 - (i) all of their Scheme Units (and any rights and entitlements attaching to those Units) which are transferred to NorthWest under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme will, at the date of the transfer of them to NorthWest, be fully paid and free from all mortgages, charges, liens, encumbrances, security interests (including "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (ii) that they have full power and capacity to sell and to transfer their Scheme Units (including any rights and entitlements attaching to those Units) to NorthWest pursuant to the NorthWest Trust Scheme.
- (b) To the extent permitted by law, all Scheme Units (and any rights and entitlements attaching to those Units) which are transferred to NorthWest under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme will, at the date of the transfer of them to NorthWest, be fully paid and free from all mortgages, charges, liens, encumbrances, security interests (including "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (c) Subject to the Paying Agent having paid each Participant the amounts owing to it under clause 23.3, NorthWest will be beneficially entitled to the Scheme Units transferred to it under this clause 23 or otherwise pursuant to the NorthWest Trust Scheme pending registration by the Responsible Entity of the name and address of NorthWest in the Register as the holder of those Scheme Units.

23.7. Effect of clause 23

This clause 23:

- (a) binds the Responsible Entity and all Participants, including those who do not attend the AUHPT Meeting, those who do not vote at the AUHPT

Meeting and those who vote against the Proposal at the AUHPT Meeting;
and

- (b) overrides the other provisions of this constitution to the extent of any inconsistency (but, for the avoidance of doubt, remains subject to the Corporations Act).

23.8. Implementation of NorthWest Trust Scheme

Subject to the Corporations Act, NorthWest, NorthWest RE and any of their respective directors, officers, employees or associates may do any act, matter or thing described in or contemplated by this clause 23 even if they have an interest (financial or otherwise) in the outcome or in the act, matter or thing or any consequence thereof.

23.9. Unclaimed monies

- (a) The *Unclaimed Moneys Act 2008* (Vic) will apply in relation to any amount payable to a Participant under the NorthWest Trust Scheme which becomes "unclaimed money" (as defined in section 3 of that legislation).
- (b) The Paying Agent may cancel a cheque issued on account of the Cash Price paid in respect of a Scheme Unit if the cheque:
 - (i) is returned to the Responsible Entity; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.

23.10. Orders of court or Government Agency

- (a) The Paying Agent may deduct and withhold from the Cash Price which would otherwise be payable to a Participant in respect of a Scheme Unit, any amount which NorthWest determines is required to be deducted and withheld from that consideration under any applicable law including any order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under the NorthWest Trust Scheme as having been paid to the person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Government Agency.
- (c) If written notice is given to the Responsible Entity (or the Paying Agent) of an order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency which:
 - (i) requires consideration that would otherwise have been payable or provided to a Participant under the NorthWest Trust Scheme to instead be paid or provided to a Government Agency or other third party (either through payment of a sum or the issuance of a security) then the Paying Agent shall be entitled to procure that payment or provision of that consideration is made in accordance with that order, direction or notice (and payment or provision of that consideration in accordance with that order, direction or notice will be treated for all purposes under the NorthWest Trust Scheme as having been paid or provided to that Participant); or

- (ii) that prevents the Paying Agent from providing consideration to any particular Participant under the NorthWest Trust Scheme, or the payment or provision of such consideration is otherwise prohibited by applicable law, the Paying Agent will be entitled to retain the Cash Price to which that Participant would otherwise be entitled for a Scheme Unit under the NorthWest Trust Scheme until such time as provision or payment of the Cash Price for that Scheme Unit under the NorthWest Trust Scheme is permitted by that order, direction or notice or otherwise by law.

23.11. Distributions

Notwithstanding any other provision of this Constitution, the Implementation Date will be a Distribution Calculation Date.

