

Perpetual Trustees Victoria Limited

MHP UNIT TRUST

Notice to Investors

Consent on Special Resolution

17 November 2022

<Preferred Name>
<Care Of>
<Address Line 1>
<Address Line 2>
<Suburb> <State Code> <Post Code>
<Country>

17th November 2022

Investor Number: < >

Letter to Unit Holders of the MHP Unit Trust

Dear [#Unit Holder]

MHP Unit Trust – Proposed termination of the Trust

On behalf of the board of Perpetual Trustees Victoria Limited ABN 47 004 027 258 (**Perpetual** or **Trustee**) in its capacity as trustee of the MHP Unit Trust (**Trust**), I am pleased to invite you (**Unit Holders**) to consider a Special Resolution for the purpose of terminating the Trust in accordance with clause 18.2(c) of the trust deed of the Trust (**Trust Deed**).

1. Explanatory Memorandum

Attached is the explanatory memorandum (**Explanatory Memorandum**) which sets out the Trustee's reasons for proposing the termination of the Trust. It also contains details of the Special Resolution for which Unit Holders are asked to provide their consent, information to help Unit Holders decide whether to provide their consent and an explanation of how to provide their consent.

2. Your written consent

After considering the Explanatory Memorandum, please confirm whether you consent to the Special Resolution by completing, signing and scanning (as applicable) the consent form accompanying this notice and send the completed form to us by:

(a) post:

[insert postal address]
Please allow for #days for postage time;

or

(b) email: [insert email address].

Your consent needs to be returned [by post/email] to the Trustee no later than 16 th January 2023.

3. Who is required to provide consent

Your consent is required if you are registered as a Unit Holder as at 5:00pm (AEST) on 17th November 2022.

4. Further information

Please carefully read the attached Explanatory Memorandum before providing your consent.

For further information or any enquiries, please contact:

Christopher Leroy

Client Manager chris.leroy@perpetual.com.au

+61 (02) 9229 3077

Yours sincerely,

Christopher Leroy

Client Manager, Client Management

Responsible Entity Services – Perpetual Corporate Trust Limited

Perpetual Limited

This communication has been issued by Perpetual Trustees Victoria Limited as trustee and the issuer of units in the MHP Unit Trust. It is general information only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital.

FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
Why am I receiving this notice?	As a Unit Holder of the Trust, you are being asked to consider and if approve, provide your written consent on a Special Resolution to terminate the Trust.
What is the proposed Special Resolution	To consider, and if thought fit, pass the following resolution: "It is resolved as a special resolution of members of the MHP Unit Trust (Trust) that the Trust is terminated from 20 th January 2023 in accordance with clause 18.2(c) of the deed establishing the Trust (Trust Deed) and the Trustee wind up the Trust in accordance with clauses 18.3 to 18.6 of the Trust Deed."
How will the proposed Special Resolution change the way the Trust operates?	Should the proposed Special Resolution receive the requisite written consent from Unit Holders, the Trustee will terminate the Trust on the date specified in the resolution and commence realising the assets of the Trust as far as reasonably practicable within 180 days after the termination date. The net proceeds from the realisation of the assets of the Trust will be returned to Unit Holders in proportion to the number of units as registered at the date of termination of the Trust.
Will the proposed Special Resolution impact my holding in the Trust?	Yes. If the proposed Special Resolution receive the requisite written consent from Unit Holders, the Trustee will terminate the Trust on the date specified in the resolution and commence winding up the Trust. During this process, you will not be able to redeem your units. As mentioned above, the net proceeds from the realisation of the assets will be returned to Unit Holders. Your units will be cancelled on completion of the wind up.
What are the benefits of the proposed Special Resolution?	<p>The Trustee is of the view that termination of the Trust will help mitigate ongoing expenses from further eroding Unit Holder capital. As a result, this may reduce the risk of further negative performance of the Trust which will result in limiting risk of loss of Unit Holder capital.</p> <p>The Trustee believes this Special Resolution will be beneficial to the Unit Holders in preserving capital as the cost of realising the assets is expected to be less than the ongoing management and administration of the Trust.</p> <p>In order to preserve capital as far as possible, the Trustee considers that it is in the best interests of Unit Holders that the Trust be terminated and all available net proceeds be returned to Unit Holders.</p> <p>The proposed Special Resolution will allow the Trustee to terminate the Trust in accordance with the terms of the Trust Deed, and undertake an orderly sell down of assets. Under the terms of the Trust Deed, the Trustee cannot terminate the Trust without a Special Resolution.</p>

<p>What are the risks or disadvantages of the proposed Special Resolution?</p>	<p>The proposed Special Resolution introduces the following risks / disadvantages:</p> <p>No further distributions will be made until the Trust has been terminated and the wind-up is completed. This is expected to take no more than 180 days from the date of termination of the Trust. There may be costs involved in the proposed winding up as a consequence of the termination which may affect the net proceeds returned to Unit Holders. The Trustee has been carefully managing the costs of the Trust including not charging a management fee since becoming investment manager and hopes to return as much as this as capital to the Unit Holders. Please refer to the FAQ below “Will my costs change?” for more information.</p> <p>Although the Trustee intends to engage in an orderly sell down of the Trust’s assets, there is a risk that the assets of the Trust may be sold at prices less than expected during the 180 day wind-up process. For example, market conditions or factors beyond the Trustee’s control could impact the value of the Trust’s assets.</p>
<p>Will the proposed Special Resolution change the investment objective and investment approach of the Trust?</p>	<p>Yes. On approval of the Special Resolution, the Trustee will terminate the Trust on the date specified in the resolution. This means the Trust will no longer be managed in accordance with the investment objective. The Trustee will commence realisation of the assets of the Trust.</p>
<p>What will the Special Resolution mean for the distributions?</p>	<p>On approval of the Special Resolution, the Trustee will terminate the Trust on the date specified in the resolution. This means the Trust will no longer be managed in accordance with the investment objective and during the period in which the assets are being realised, your regular distribution payments will cease. However, on completion of the realisation of the assets, the Trustee will distribute the net proceeds to Unit Holders. This will be the final distribution in relation to the Trust.</p>
<p>Will my costs change?</p>	<p>The management fee for the existing class payable to the Trustee will not change.</p> <p>There may be costs incurred by the Trust as a result of the termination and winding up process subject to the Special Resolution passing. The Trustee has been carefully managing the costs of the Trust including not charging a management fee since becoming investment manager.</p> <p>The costs of terminating the Trust is envisaged to be covered by a portion of the management fee which has not been charged but has been accrued since the Trustee has been acting as the investment manager of the Trust following the resignation of the previous investment manager. Any excess costs associated with termination and wind up of the Trust not covered by the management fee will be deducted from the proceeds of sale of the Trust’s assets prior to any final distribution being made to Unit Holders.</p> <p>The Trustee is of the opinion that the costs incurred by the process of termination and winding up will be less adverse than if the Trustee were to continue to operate the Trust and deduct management fees payable to it.</p>
<p>When would the changes take effect?</p>	<p>On passing of the Special Resolution, the Trustee will terminate the Trust on the date specified in the resolution and commence realising the assets of the Trust.</p>
<p>What is required for the resolution to pass?</p>	<p>A Special Resolution which requires Unit Holders who hold at least 75% of units on issue to provide a written consent in favour of the resolution.</p>

Who is required to provide consent?	A Unit Holder of the Trust as at 5:00pm (Sydney time) on 17 th November 2022.
Do I have to provide consent?	No, you are not required to provide consent, however the Trustee encourages all Unit Holders to consider the resolution and if approve, provide written consent.
How does my consent count?	Each Unit Holder has one “vote” for each Unit issued to the Unit Holder as recorded in the Trust register as at 5pm (AEST) on 17 th November 2022.
What if I do nothing?	If you do nothing, the Trustee will count the remaining consents to determine whether the Special Resolution is successfully passed. The final decision is binding on all Unit Holders.
What if the resolution doesn't pass?	If the Special Resolution is not passed by Unit Holders, the Trustee will consider alternative options in the interest of Unit Holders which may include (without limitation): <ul style="list-style-type: none"> • Seeking a direction from the court to terminate and wind up the Trust. Seeking this direction is likely to incur additional costs for the Trust. During this time, the Trustee intends to operate the Trust as it currently operates (ie allowing redemptions) and fulfill the role of investment manager; or • Seeking the appointment of another trustee to operate and manage the Trust. We note identification of another professional trustee who can provide services at lower cost or more efficiently may not be possible and costs of transitioning the Trust to another trustee may be significant.
Does Perpetual recommend the Proposed Special Resolution be approved?	Yes, the Board of the Trustee unanimously recommends that Unit Holders consent to the Special Resolution.

EXPLANATORY MEMORANDUM

Important Notices and Disclaimers

Information contained in this Explanatory Memorandum is important. You should read this document carefully and if necessary seek your own independent advice.

MHP Unit Trust ABN 38 417 216 437 (**Trust**) is an unregistered managed investment scheme with Perpetual Trustees Victoria Limited as trustee (**Perpetual** or **Trustee**) and default investment Manager (**Manager**). Perpetual, as trustee, has issued this document dated 17th November 2022.

The Explanatory Memorandum explains the Special Resolution that eligible Unit Holders are being asked to provide their written consent.

The Explanatory Memorandum is not an offer or an invitation to acquire Units in the Trust or any other financial products and is not a prospectus, product disclosure statement or other offering document under law of the Commonwealth of Australia or its states and territories or any other law. It is for information purposes only. The information in the Explanatory Memorandum remains subject to change without notice. Perpetual will notify you of any material changes. Updated information relating to the Explanatory Memorandum can be found at <https://www.perpetual.com.au/resources-and-documents/continuous-disclosure-and-important-information>. The information in the Explanatory Memorandum is current as at the date of this document unless otherwise stated.

All times and dates referred to in this Explanatory Memorandum are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates referred to in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from the Australian Securities and Investments Commission (as applicable).

The information contained in this document should not be taken as the giving of investment advice by Perpetual as Perpetual is not aware of your investment objectives, financial position and particular needs. Before making any investment decision and decision on whether to consent to the Special Resolution set out herein, you should consider your particular financial circumstances and investment objectives and consult with your professional adviser.

Perpetual is the issuer of Units in the Trust.

Key Dates:

Event	
Date of this Explanatory Memorandum	17 November 2022
Explanatory Memorandum issued to Unit Holders	17 November 2022
Consent Record Date	16 January 2023

Unit Holders will be updated if there are any changes to the timetable.

1. Overview

1.1 Purpose

The purpose of this Explanatory Memorandum is to provide members (**Unit Holders**) of MHP Unit Trust (**Trust** or **Trust**) with the Trustee's reasons for proposing to terminate the Trust and sets out the resolution (**Special Resolution**) that we are asking Unit Holders to provide their written consent. It is intended to provide you additional information to help you decide whether to provide your consent on the Special Resolution to be put forward to Unit Holders on 17th November 2022.

Resolution sought

To consider, and if thought fit, consent to the following resolution:

*"It is resolved as a special resolution of members of the MHP Unit Trust (Trust) that the Trust is terminated from 20th January 2023 in accordance with clause 18.2(c) of the deed establishing the Trust (**Trust Deed**) and the Trustee wind up the Trust in accordance with clauses 18.3 to 18.6 of the Trust Deed."*

1.2 Requirement for a special resolution

Under clause 18.2 of the Trust Deed, the Trust can only terminate in the following circumstances:

- (a) The date being 80 years from the date of the Trust Deed being 29th July 1988; or
- (b) The date when the Trust is terminated pursuant to some other provision of the Trust Deed; or
- (c) Such earlier date as may be specified by a Special Resolution provided that no such resolution may be passed until less than 30 Pensioners still hold Units.

A "Special Resolution" is defined as:

"a resolution passed at a meeting of Unit Holders by a majority representing at least 75 per cent in number of Units issued from time to time or consented to in writing by Unit Holders representing more than 75 per cent in number of such issued Units."

As the Trust Deed allows for Unit Holder consent to be obtained in writing, no Unit Holders' meeting will be conducted for a vote on the resolution. Further, given current economic challenges, potential cost to the Trust and ongoing challenges associated with the management of the COVID-19 pandemic, the Trustee considers it would be most appropriate to obtain your written consent.

This means that you will provide your consent in writing and will not need to attend a meeting.

On this basis, for the Special Resolution to pass, Unit Holders representing greater than 75% of issued Units of the Trust will need to provide their written consent in favour of the resolution.

1.3 Background

The Trust was established on 29 July 1988 and the investment vehicle has acted as a legacy pension fund, with the intention of paying quarterly distributions to the Unit Holders in accordance with clause 4 of the Trust Deed.

The Trust Deed has prescriptive and restrictive limitations on:

- Management fees; and
- Types of allowable investments and their allocations; and
- Redemptions allowable by the Unit Holders.

Managing the Trust within these limitations against the dynamic economic and market environment / conditions have been met with the following consequences and challenges (listed per each limitation) on the Trust:

Limitation	Consequence
<p>Management fees</p>	<p>Management fee cannot exceed the greater of \$AUD 90,000 per annum or an amount calculated at the rate of 1% per annum of the Value of the Trust (\$40,000 using current FUM). Remuneration cannot be varied or amended.</p> <p>As a result of the management fee cap, it has been difficult to attract a new investment manager to coordinate investment operations for the Trust. This is noted in the previous investment manager's letter of resignation and the previous resignations of investment managers to the Trust over the last 10 years.</p>
<p>Allowable Investments</p>	<p>Due to the authorised investments and their allocation set out in clauses 3.1(c), (d) and 3.2 of the Trust Deed, the Trust's recent performance and consequently the income of the Trust has been impacted by recent market performance in this asset class.</p> <p>As at 31 October 2022, the total return (distribution and growth return) for the year was -11.77%. When compared to a similar benchmark (S&P/ASX300 AREIT Accum) it outperformed by approximately 2.09%. In a 5-year timeframe, the total return was 1.57% and underperformed the same benchmark by -3.00%. The Trust is not performing well in the current market conditions based on the stringent asset allocation and authorised investments under the Trust Deed.</p>
<p>Redemption Limits</p>	<p>The Trust Deed, as amended from time to time, allows Unit Holders to request a 5% redemption per year or a full redemption via their estate once the Unit Holder is deceased.</p> <p>New applications to the Trust cannot be made.</p> <p>As a result, the Trust's overall assets and income has been declining over a period of over 10 years. There is little incentive for an investment manager to agree to be appointed and to continue the operations of the Trust and restrictions on the Unit Holders' ability to redeem their units should they wish to invest elsewhere or where they have made a personal decision that they are no longer receiving the benefit for which they originally invested.</p>

In addition to the above, the age of the Trust has meant that the purpose of the Trust when it was established in 1988 will be difficult to accomplish in 2022 and beyond. Further:

- The 50% limitation to the Value of the Trust being invested in fixed interest, authorised investments such as government and semi-government stock and bonds, company debentures, bank deposits, first mortgages over land buildings has not fared well in current market conditions;
- The 5% redemption limitation which is utilised in full by some of the Unit Holders each year mean the Trust has been declining in value as there have been no new applications to the Trust;
- The management fee cap, being the greater of \$AUD 90,000 per annum and 1% of the value of the Trust's assets, is too low commercially in 2022 to attract a new professional investment manager;

The Trustee is of the view that the Trust's main benefit of quarterly distributions is unlikely to be achievable as inflationary pressures have caused costs to the Trust to be too expensive and therefore little or no income in the Trust to distribute. The costs to the Trust are now surpassing the income being earned by the Trust, which will have an adverse impact and may continue to adversely impact Unit Holders where the market conditions are unlikely to change in favour of the Trust. If the assets of the Trust are realised to make quarterly distributions, a significant portion of assets will need to be utilised for payment of fees and costs (with these fees and costs increasing as the assets of the Trust fall).

Based on the above, it is the opinion of the directors of the Trustee that the Trust can no longer accomplish the purpose of providing Unit Holders an income distribution on a quarterly basis until all Trust assets have been realised.

1.4 Proposed Special Resolution

As noted above, the Trust Deed has limited termination provisions as set out in clause 18.2 of the Trust Deed, including subclause 18.2(c) which permits the termination of the Trust by way of a Special Resolution where there are less than 30 original Unit Holders who still hold units in the Trust.

As at 31st October 2022, there are 76 Unit Holders holding Units in the Trust. Following an analysis of the Unit Holder register as at 17th November 2022 and in comparison to the original Unit Holder register, the Trustee has determined there are less than 30 original founding Pensioners (as defined in the Trust Deed). This means the Trustee is able to seek a resolution to terminate the Trust under Clause 18.2(c) by way of Special Resolution.

The Trustee seeks Unit Holder's consent to consider, and if thought fit, pass the following resolution:

"It is resolved as a special resolution of members of the MHP Unit Trust (Trust) that the Trust is terminated from 20th January 2023 in accordance with clause 18.2(c) of the deed establishing the Trust (**Trust Deed**) and the Trustee wind up the Trust in accordance with clauses 18.3 to 18.6 of the Trust Deed."

1.5 Trustee recommendation

We set out below the anticipated benefits and risks for Unit Holders in terminating the Trust. On balance, based on the information set out in this Explanatory Memorandum, the Trustee is of the view that it would be in the best interest of Unit Holders to terminate the Trust and therefore the Board of the Trustee unanimously recommends that Unit Holders consent in writing to passing of the Special Resolution.

1.6 Summary of key benefits, risks and disadvantages

Benefits:

The benefit of the proposed Special Resolution includes reducing future costs and the potential for negative performance of the Trust which should in turn reduce the risk of further loss of Unit Holder capital. The Trustee believes this Special Resolution will be beneficial to the Unit Holders in preserving capital.

Should the proposed Special Resolution successfully pass, the Trust will terminate from the date specified in the resolution and the Trustee will proceed to realise the assets of the Trust and subsequently distribute the net proceeds to Unit Holders within 180 days of the date of termination.

The Trustee is of the view that the proposed termination will reduce the risk of further capital erosion arising from the challenges and limitations of the Trust noted above and the Trust's purpose no longer being able to be achieved.

Risks/Disadvantages:

Issue/Risk	Explanation	How Perpetual proposes to mitigate this risk
<p>Costs as a result of termination and subsequent winding up of the Trust</p>	<p>There may be costs involved in the proposed wind up.</p> <p>Under the Trust Deed, the Trustee is entitled to be reimbursed from the Trust for expenses, charges, costs, liabilities etc incurred in winding up the Trust.</p> <p>In realising the assets of the Trust, we anticipate the costs or expenses will include (but not limited to):</p> <ul style="list-style-type: none"> • Legal and tax advice; • Audit fees (if applicable); • Any other expenses associated with windup and termination. 	<p>The Trustee has been careful not to bear onerous expenses to the Trust which may be adverse to the Unit Holders and the return of their capital.</p> <p>The Trustee has not charged a management fee since becoming the investment manager and aims to return as much as this as capital to the Unit Holders.</p> <p>The Trustee will limit the costs involved in the proposed termination and wind up of the Trust as much as possible.</p> <p>The Trustee reviews and approves all expenses to the Trust.</p>

<p>The assets of the Trust may not be able to be sold at market value, with the Trustee having to accept less than market value for the assets of the Trust leading to Unit Holders receiving less than expected;</p>	<p>Depending on the timing of the sell down of the assets of the Trust, there may be a risk that the assets are sold at a time less advantageous than if the assets were sold at another time (dependent on market value).</p>	<p>The assets of the Trust are quite liquid and the majority (aside from the International Equities holdings of the Trust) are, we believe, shielded from immediate market movements in domestic and international equities.</p>
<p>No further distributions will be made once termination commences</p>	<p>During the period in which the assets are being realised, your regular distribution payments will cease.</p>	<p>On completion of the realisation of the assets, the Trustee will distribute the net proceeds to Unit Holders. This will be the final distribution in relation to the Trust.</p>

1.7 Implications of Passing or Not Passing the Special Resolution

1.7.1 If the Special Resolution is passed

On receipt of Unit Holders' consents on 16th January 2023, the Trustee will count the consents to determine whether more than 75% of number of Units issued from time to time has approved the Special Resolution.

If the Special Resolution is passed:

- the date of termination will be 20th January 2023;
- the Trustee will provide a formal notice of termination of the Trust to Unit Holders immediately following the passing of the Special Resolution;
- the Trustee will commence realising the assets of the Trust the next business day and work towards winding up the Trust;
- the Trustee will ensure as far as reasonably practicable, realise the assets within 180 days from the termination date;
- the Trustee will return net proceeds from the realisation of the Trust assets to Unit Holders in proportion to the number of Units as registered as holders on the date of termination of the Trust. The Trustee may make partial distributions from time to time;
- On final return of net proceeds, the Trustee will cancel the relevant unit holdings.

The Trustee will keep Unit Holders informed on its progress.

1.7.2 If the Special Resolution is not passed

If the Special Resolution is not passed, the Trust cannot be terminated at the date specified in the resolution and will continue operating.

Operating expenses will continue to erode the Trust's assets/capital.

In these circumstances, as the Trustee believes it is unlikely to provide further distributions, the purpose of the Trust can no longer be achieved, the Trustee will consider alternative options available to it that it consider are in the best interest of Unit Holders. This may include seeking the court's assistance to facilitate the termination and subsequent winding up of the Trust, or seeking the appointment of another professional trustee to operate and manage the Trust. We note identification of another professional trustee who can provide services at lower cost or more efficiently may not be possible and costs of transitioning the Trust to another trustee may be significant.

These alternative processes are expected to result in the Trust incurring additional legal and operational costs which would further reduce the value of the assets of the Trust. The effect of a reduction in the value of assets of the Trust is likely to disadvantage Unit Holders as the value of the proceeds of realisation of the assets of the Trust for distribution to Unit Holders would be commensurately reduced.

1.8 What you need to do

After considering the Explanatory Memorandum, please indicate whether you would like to provide your consent to the resolution by completing, signing and scanning (as applicable) the consent form accompanying this notice and send the completed form to us by

(a) Post or in-person:

[insert postal address]

Please allow for #days for postage time;

or

(b) email: [insert email address].

Your written consent needs to be returned by post/email to the Trustee no later than 16th January 2023.

Signing instructions:

You must sign the form in the spaces provided, in accordance with the following instructions:

Individual: where the holding is in one name, the Unit Holder must sign.

You can sign a hard copy or use electronic means.

Joint Holding: where the holding is in more than one name, either Unit Holder may sign.

You can sign a hard copy or use electronic means.

Power of Attorney: You can sign a hard copy or use electronic means.

To sign under Power of Attorney, you must also lodge the Power of Attorney with the registry provider Mainstream Fund Services Pty Ltd ("Mainstream). Their contact details are below.

If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. If the Power of Attorney held on file was not provided to the registrar/administrator within the prior 12 months, then a current, certified copy of your proof of authority will be required.

Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly

with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

You can sign a hard copy or use an electronic document execution method permitted by the *Corporations Act 2001 (Cth)* (eg DocuSign).

All: Where you are signing by electronic means, by doing so, you confirm you have done so intending that your signature would bind you/company/trust in the manner contemplated by the Notice to Investors and Explanatory Memorandum.

This communication has been issued by Perpetual Trustees Victoria Limited as trustee and the issuer of units in the MHP Unit Trust. It is general information only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital.