

NorthWest Healthcare Properties Management Limited (the “**Manager**”)

Board Charter

1. Purpose of Charter

- 1.1 The Manager is a licensed managed investment scheme manager under the Financial Markets Conduct Act 2013 (the “**Act**”). It is the manager of Vital Healthcare Property Trust (“**Vital**” or “**the Trust**”) and is responsible for the management of Vital’s business and assets in accordance with the Trust Deed, the Act and the terms of its licence¹. Vital’s licensed supervisor is Trustees Executors Limited (the “**Supervisor**”).
- 1.2 The Manager is required by the Trust Deed to use its best endeavours to ensure that Vital is carried on in a proper and efficient manner. The Act requires the Manager to:
 - (a) act honestly in acting as manager of Vital;
 - (b) in exercising any powers or performing duties as manager of Vital, act in the best interests of unitholders and treat unitholders equitably;
 - (c) not make use of information acquired through being the manager of Vital in order to gain an improper advantage for itself or any other person, or cause detriment for unitholders; and
 - (d) exercise the care, diligence, and skill that a prudent person engaged in the same profession would exercise in the same circumstances.
- 1.3 The board of directors (the “**Board**”) of the Manager is committed to ensuring that the Manager maintains appropriate standards of corporate governance and ethics in the performance of its function as the manager of Vital, in accordance with applicable law.
- 1.4 The Board has therefore developed this Charter, which sets out the role, composition and responsibilities of the Board, and how its powers and responsibilities will be exercised and discharged. The conduct of the Board is also governed by the constitution of the Manager and applicable legislation, including the Companies Act 1993.
- 1.5 The public and Stock Exchange listed managed investment scheme model of asset ownership, management, governance and oversight differs from the traditional listed corporate model in a

¹ The Manager is not limited to exclusively managing Vital. In particular, the Trust Deed expressly permits it to manage trusts of a similar nature to, or different from, Vital. However, currently the Manager’s sole business is managing Vital.

number of respects, including as a result of the role of the Supervisor, the duties owed by directors of the Manager to the Manager itself as an entity, and director appointment rights. This Charter recognises these elements.

- 1.6 The Manager is wholly-owned by NWI Healthcare Properties LP (the **Shareholder**), and ultimately owned by NorthWest Healthcare Properties REIT (together with its related entities **NorthWest**).

2. The Role of the Board

- 2.1 The Board is responsible for the oversight and governance of the Manager and its management, and for setting the Manager's strategic direction. The Manager itself is responsible for managing Vital and its assets in accordance with the Trust Deed and the Act.

- 2.2 The Board's obligations are to the Manager. While the Act imposes specific duties on the Board not to:

- (a) make use of information acquired through being the director of the Manager in order to gain an improper advantage for himself or herself or any other person, or to cause detriment to unitholders; and
- (b) make improper use of the position as a director of the Manager to gain, directly or indirectly, an advantage for himself or herself or any other person or to cause detriment to unitholders,

it does not detract or negate the Board's obligations to the Manager.

- 2.3 Generally the interests of the Manager and NorthWest will align with the interests of Unitholders. Given the Manager has clearly defined contractual and legal obligations under the Trust Deed and the Act, the Board will act so as to ensure the Manager is in a position and sufficiently resourced to fully comply with those obligations.

- 2.4 The Board recognises that there may be circumstances in which the interests of Unitholders and NorthWest may not be aligned. An example is where the fee entitlements of the Manager or other contractual terms under the Trust Deed are under formal assessment (for instance, incentive fees) or review. In such circumstances, the Board may form a committee comprising the Independent Directors to represent the interests of Unitholders. A further example may be where NorthWest is considering partnering with the Trust on a transaction. Absent circumstances of this nature, or matters involving a personal interest or conflict for an individual director, matters which fall to the Board for consideration are able to be considered by the full Board or established committees.

- 2.5 The Board's specific responsibilities include:

- (a) approving the Manager's strategic objectives (including those applicable to the Trust) and ensuring that the Manager has available to it, in the aggregate, proper and adequate resources to achieve those objectives, including through ongoing monitoring of resourcing levels and management performance;
- (b) monitoring the Trust's continued compliance with the Trust's Statement of Investment Policy and Objectives (**SIPO**);

- (c) determining appropriate performance benchmarks and monitor the Trust's performance against those benchmarks (including the performance monitoring contemplated by the SIPO);
- (d) regularly reviewing the Trust's investment strategy (including the SIPO) in relation to market conditions and regulatory requirements;
- (e) monitoring the performance of specific Board committees;
- (f) ensuring compliance by the Manager with the Act and all other relevant statutes, the terms of its licence, the NZX Listing Rules and the Trust Deed;
- (g) approving and monitoring financial reporting and capital management, including analysing and reviewing the progress of any major capital expenditure, acquisitions or divestments of the Trust;
- (h) approving the Manager's and the Trust's budgets and business plans and monitoring the financial performance of the Manager and the Trust;
- (i) ensuring that effective risk management procedures for the Manager and the Trust are in place and are being observed;
- (j) approving all reporting and communication to Unitholders and the market (including via NZX) and ensuring timely, effective and accurate disclosure of information to such stakeholders;
- (k) ensuring that all of the Manager's records and documents, and those of the Trust's (including financial reports) are true, correct and conform to required reporting standards; and
- (l) maintaining corporate and Board values to ensure that the Manager acts with appropriate ethical standards and integrity, in accordance with this Charter, with all legal and regulatory requirements.

2.6 The Board's role involves the matters set out in paragraphs 2.1 and 2.5 above. Actual implementation and day-to-day management is delegated to the Vital Fund Manager and other members of the management team.

3. Composition

3.1 The constitution of the Manager provides for a minimum of three directors and a maximum of seven directors. The Shareholder has the ability to change the constitution and (subject to section 4 below) the right to appoint and remove members of the Board.

3.2 The Board should generally comprise directors:

- (a) with an appropriate range of skills and experience;
- (b) who have a proper understanding of, and competence to deal with, current and emerging issues of the business, the Vital structure and the applicable regulatory environment; and

- (c) who can effectively review and challenge the performance of management and exercise judgment independent of management.

3.3 Directors are expected to attend scheduled Board and committee meetings and to be available for additional meetings as required from time to time.

3.4 The directors have the power to elect the Chairperson. The Chairperson's role is to manage the Board effectively, to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities.

4. The Role of Directors and their Duties

4.1 Given the importance of the role, directors are expected to commit sufficient time to their directorship to fulfil their duties and responsibilities, including:

- (a) attendance at Board and relevant sub-committee meetings;
- (b) attendance at Unitholder meetings; and
- (c) preparation for meetings.

4.2 The directors must comply with their duties as set out in the Companies Act 1993, including the duty to act in good faith and in what the director believes to be the best interests of the Manager, and the Act. The directors are also expected to comply with all other legal duties and obligations.

4.3 Further, the directors:

- (a) have a duty to conduct themselves in an honest, ethical and responsible manner;
- (b) should be diligent, attend Board meetings and devote sufficient time and give proper attention to the matters before them;
- (c) keep themselves familiar with the nature of the Manager's activities and the environments in which it operates (and undertake appropriate training, if necessary);
- (d) act in such a way that Board meetings and discussions promote focussed debate within a supportive team atmosphere; and
- (e) report any illegal or unethical behaviour of which they become aware to the Chairperson.

5. Independent Directors

5.1 The Trust Deed provides Unitholders with the ability to appoint and remove two Independent Directors to the Board. The Shareholder may also appoint other individuals that the board determines are appropriately referred to as independent directors.

5.2 When considering whether or not it is appropriate to refer to a director as being "independent", the Board will have reference to any relevant guidance or standards. A director may be appropriately referred to as, and understood by the market as, an independent director without being an Independent Director under the Trust Deed.

- 5.3 The Board will review any determination it has made as to a director's independence on becoming aware of any information that may indicate that the director has an interest or relationship which comprises his or her independence.
- 5.4 Each director must keep the Board advised of any interests he or she could have that could affect their independence, including any interests that could conflict with the interests of the Unitholders or the Manager.
- 5.5 Given the nature of a managed investment scheme structure, the Board considers that the fact that a director is able to be appointed and removed by the Shareholder does not prevent that director being considered independent. The Board must take into account all of the relevant factors in the overall circumstances in the assessment of a director's independence.
- 5.6 Equally, the fact that Independent Directors may be appointed and removed by Unitholders does not change the legal duties of Independent Directors. The duties owed by all directors, including Independent Directors, are as described in 4 above.

6. Chairperson

- 6.1 The Chairperson of the Board of the Manager is responsible for leading the Board and ensuring that it functions effectively by:
- (a) setting the Board's agenda in consultation with the Vital Fund Manager and Board Secretary, including ensuring that adequate time is available for discussion on all agenda items, in particular strategic issues); and
 - (b) leading the Board's consideration of matters coming before it and facilitating open, frank and constructive discussions.
- 6.2 Subject to the approval of the Supervisor, the Chairperson of the Board will act as chairperson of general meetings of Unitholders.

7. Conflicts of Interest

- 7.1 Conflicts of interest can arise where:
- (a) there is an actual or perceived conflict between the director's private or associated business interests and the interests of the Manager; or
 - (b) there is an actual or perceived conflict between the interests of the Manager and the interests of Vital and the Unitholders.
- 7.2 In respect of conflicts of the nature referred to in paragraph 7.1(a), directors must:
- (a) disclose all relationships they have with the Manager, Vital and relevant private or associated business interests to the Board in order that the Board may assess potential conflicts of interest and independence for the purposes of the NZX Listing Rules;
 - (b) disclose to the Board any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of them;
 - (c) take any necessary and reasonable measures to try to resolve the conflict; and

- (d) comply with all relevant legal and regulatory provisions regarding disclosure of interests and restrictions on voting.

7.3 In respect of conflicts of the nature referred to in paragraph 7.1(b):

- (a) each director must disclose to the Board all relevant relationships they have with the Manager and any associated or related persons of the Manager, and all unit holdings in the Trust they hold and any relevant relationships they have with any Unitholders;
- (b) the Board will make an assessment to determine if any of the directors have an actual or potential conflict of interest relative to the interests of the Manager as against the interests of the Trust and Unitholders (the “**Conflicted Directors**”);
- (c) the Board may determine that it is appropriate that the directors who are not Conflicted Directors (the “**Non-Conflicted Directors**”) comprise a separate Board committee between them, whose role is to deal with the matters where actual conflicts have arisen or are likely to arise;
- (d) the Board may determine that it is appropriate that the Conflicted Directors be entitled to provide their views to the Non-Conflicted Directors but otherwise be absent from any meetings (or any part thereof) where there are discussions or decisions involving the matters of conflict or potential conflict and will not vote on any such matters;
- (e) notwithstanding (a) to (d) above, the Conflicted Directors will continue to have access to all relevant information relating to the Manager, to the extent such access is consistent with, and necessary to, their duties as directors; and
- (f) the Board may from time to time determine other procedures for dealing with conflicts on a case by case basis.

7.4 Where there is a conflict of the nature referred to in paragraph 7.1(b), the Non-Conflicted Directors may act in a manner which they believe to be the best interests of the Unitholders (other than any Unitholder who may also be a shareholder of the Manager), even though that may not be in the best interests of the Manager.

7.5 Notwithstanding the foregoing, actual or perceived conflicts of interest contemplated by the NorthWest Group Joint Investment Policy for Australia and New Zealand will be managed in accordance with that policy with oversight of the Investment Committee established under that policy.

8. Board Committees

8.1 The Board may discharge any of its responsibilities through committees of the Board. The Board has established an audit and risk committee with specific functions and responsibilities.

8.2 The audit and risk committee operates under a charter agreed by the Board which sets out its role, responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership.

8.3 The Board may also from time to time establish ad hoc committees to consider specific proposals.

8.4 The minutes of board committees are available to the Board. The chair of a board committee (or their delegate) shall report to the Board on the business of the committee including any recommendations from the committee for the Board's consideration.

9. Access to Information and Independent Advice

9.1 Directors may from time to time access information from, and rely on the advice of, professional advisers and independent experts, provided that the directors:

- (a) individually or collectively consider the seeking of the information or advice is necessary to properly carry out their duties and functions as directors; and
- (b) have acted in good faith and have made proper inquiry where the need for inquiry is indicated by the circumstances.

9.2 Information and advice sought from advisers and experts will be:

- (a) at the expense of the Trust, where the Manager is entitled to reimbursement of such expense under the Trust Deed; and
- (b) in all other circumstances, at the expense of the Manager,
provided the matter has previously been approved by the Chairperson.

10. Accountability

10.1 The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

10.2 The Chairperson will meet with the directors to discuss the individual performance of directors on an appropriately regular basis. The Board will review its performance as a whole on an appropriately regular basis.

11. Insurance and Indemnities

11.1 Subject to the constitution of the Manager, the Manager will indemnify its directors, and effect directors' and officers' liability and statutory liability insurance for its directors and officers, to the maximum extent permitted by law.

11.2 The Manager will pay all premiums for directors' and officers' liability and statutory liability insurance effected for its directors and officers, unless such premiums are payable directly by the Supervisor out of the trust fund.

12. Continuing Education

12.1 Directors are expected to keep themselves abreast of changes and trends in the business and in the Manager's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

12.2 Directors are also expected to keep up to date with governance issues, and the expectations on the role of directors in companies.

12.3 The Board will consider reasonable requests that the Manager cover director's expenses associated with relevant education opportunities.

13. Institutional Investors, Analysts and Media

- 13.1 Generally communications on behalf of the Manager with the media, analysts, brokers, investors and other third party stakeholders will be made by the Vital Fund Manager or another identified individual within the executive management team. However, in particular instances it will be appropriate for the Chairperson (or other director) to communicate on behalf of the Manager with a third party.

14. Meetings

- 14.1 The Board, under the leadership of the Chairperson, will determine the frequency, duration and agendas of the Board's meetings.
- 14.2 Proceedings of the Board are governed in accordance with the Manager's constitution.
- 14.3 Meetings may be held using any technology agreed by the members, for example, by phone, video or voice conference.
- 14.4 The Board secretary will ensure that minutes of the Board and committee meetings, and records of their reports and recommendations, are kept. A copy of any of them signed by the Chairperson is taken to be a true record unless the contrary is proved.

15. Board Secretary

- 15.1 The Board will appoint a secretary, who will be accountable to the Board, through the Chairperson, for all governance matters such as calling meetings, setting agendas and record keeping.
- 15.2 The Secretary monitors compliance with Board policy and procedures, and with ensuring timely completion and despatch of the Board agenda and briefing material.