


HY22 interim results presentation

24 FEBRUARY 2022

An architectural rendering of a modern healthcare building. The building features a prominent facade of vertical green and black panels. It is situated on a street with a landscaped area in the foreground containing trees, a sidewalk, and a few people walking and cycling. A white car is parked on the street. The scene is set against a clear blue sky.

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All amounts are in NZD unless otherwise shown

Presenters



Aaron Hockly
Fund Manager



Michael Groth
Chief Financial Officer



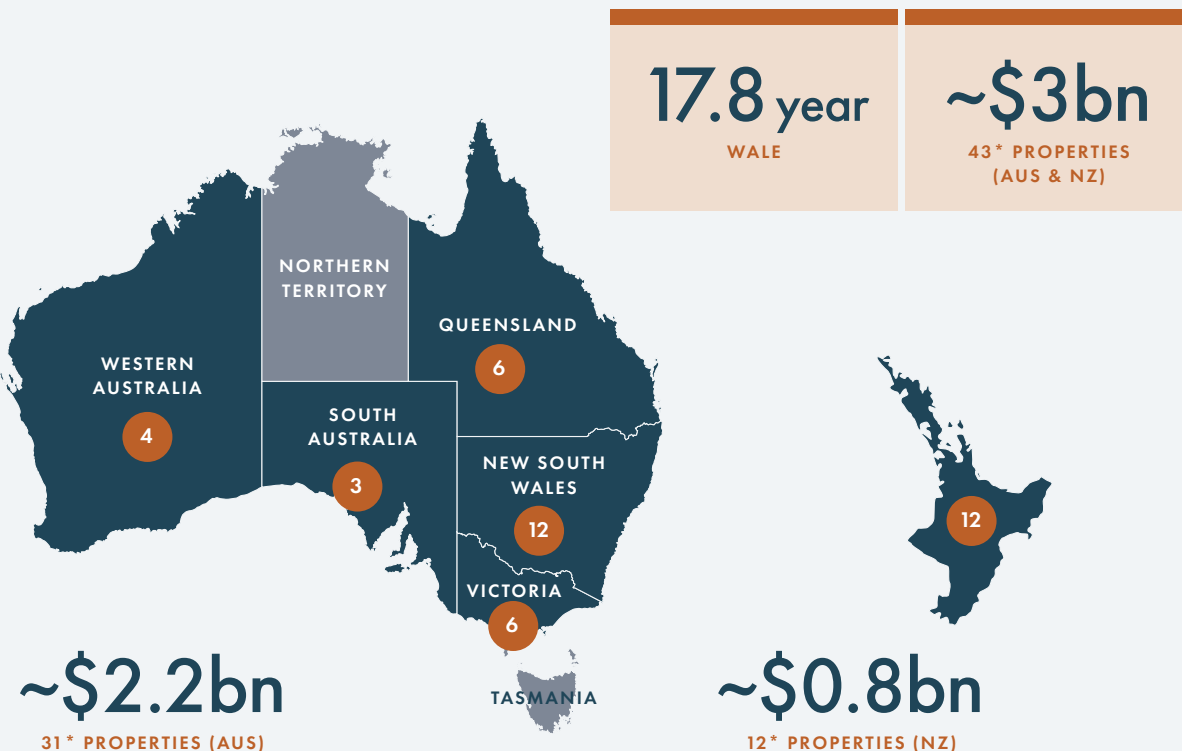
Richard Roos
Exec. Director, Portfolio



Chris Adams
Exec. Director, Projects

Overview of Vital

VITAL IS THE ONLY SPECIALIST HEALTHCARE LANDLORD LISTED ON THE NZX



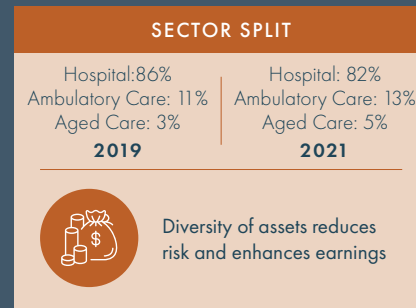
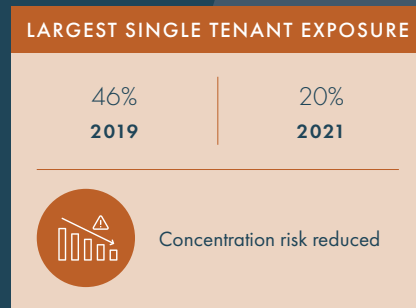
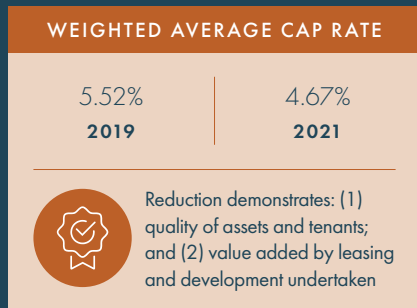
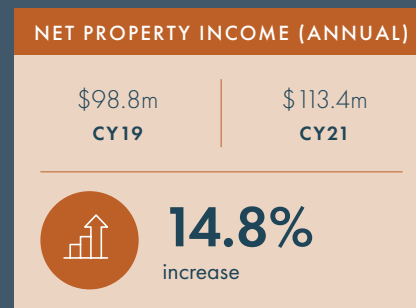
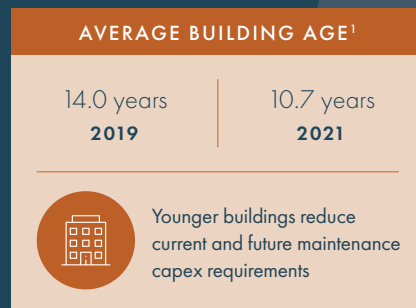
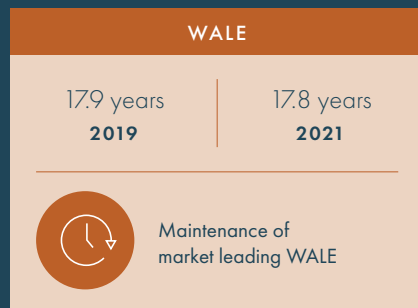
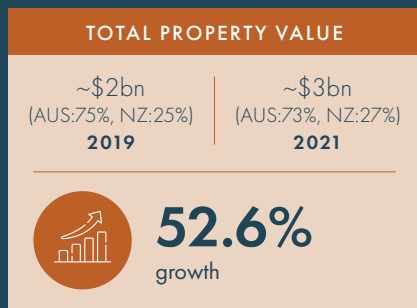
VITAL HEALTHCARE PROPERTY TRUST (VITAL) IS:

- ▶ The owner of a ~\$3 billion healthcare property portfolio in New Zealand (27% of assets) and Australia (73%);
- ▶ The only NZX-listed specialist healthcare landlord (NZX ticker: VHP);
- ▶ Externally managed by a subsidiary of Toronto-listed, global healthcare real estate owner and manager, NorthWest Healthcare Properties REIT (TSX ticker: NWH);
- ▶ Underpinned by rental income that tracks inflation with ~86% of lease income indexed to CPI in some way; and
- ▶ Targeting 2–3% AFFO and DPU growth per annum over the medium term, whilst retaining a conservative pay-out ratio.

*Excludes strategic assets held for development

Vital's 2-year progression despite COVID-19

PORTFOLIO ENHANCEMENTS SUPPORT TARGET OF GROWING AFFO AND DISTRIBUTIONS BY 2-3% PER UNIT PER ANNUM



Portfolio enhanced through acquisitions, development and disposals to: (1) increase diversity of assets and tenants, (2) reduce age of building and (3) maintain long WALE. This helps to reduce income risk for Vital's unitholders

¹ Average building age = the later of the date of construction or the last significant capital works

² Includes \$161.4m of committed development spend remaining and ~\$1bn of developments being considered. Development timing and therefore spend expected to be over a staged and lengthy period (at least 10 years)

Vital's 2-year progression despite COVID-19 (cont'd)

BALANCE SHEET STRENGTHENED

NTA PER UNIT

\$2.36	\$3.12
2019	2021



32.2%
growth

BALANCE SHEET GEARING

35.1%	33.2%
2019	2021



Conservative gearing
maintained

AVERAGE DEBT DURATION

1.7 years	4.4 years ³
2019	2021



Significantly expanded

AFFO (PER UNIT)

10.45 ¹	11.90 ²
FY20	FY22



13.9%
growth

DISTRIBUTIONS (PER UNIT)

8.75 ¹	9.75 ²
FY20	FY22



11.4%
growth

Balance sheet strengthened through raising \$351m of new equity and extending debt whilst supporting portfolio growth as a means to grow AFFO and distributions

¹ FY20 actual

² FY22 upgraded guidance (annualised)

³ Pro-forma as at 31 December 2021 including terms agreed post- 31 December 2021



Delivery of strategy

DELIVERING FOR VITAL'S UNITHOLDERS IN ACCORDANCE WITH STRATEGY

Vital's manager has continued to deliver for Vital's unitholders:

- ▶ Growth in earnings
- ▶ Increased distributions
- ▶ Continued portfolio improvement
- ▶ Expansion of development pipeline
- ▶ Extension of debt duration profile
- ▶ Raising new equity primarily from existing unitholders on a pro-rata basis
- ▶ Reduction in base management fees relative to assets
- ▶ Focus on sustainability
- ▶ Renewal of Vital's board



16.3% per annum

Total Return for 10 years ended 31 December 2021

Source: Forsyth Barr



Recent achievements build on longer term record





HY22 highlights

HY22 highlights – capital & transactions

TRANSACTIONS UNDERTAKEN TO GROW FUTURE EARNINGS & SUPPORT FUTURE PORTFOLIO GROWTH



\$168m

equity raised¹



\$315m

debt extended



8.0%

increase in NTA per unit



33.2%

balance sheet gearing



\$328m

property transactions²
\$314m acquisitions & \$14m disposals



86%

of leases (by income)
linked to CPI

¹ Comprising placement, UPP, DRP and incentive units issued to the Manager

² Includes \$181m of committed post 31 December 2021 acquisitions of The Hills Clinic Land (AUS), Campbelltown Health Hub (AUS), Hutt Valley Health Hub (NZ)



HY22 highlights – portfolio & developments

ENHANCED PORTFOLIO METRICS IN ALIGNMENT WITH STRATEGY



8.8%

increase in underlying
income (ex. FX)



3.7%

average rent reviews
completed (annualised)



17.8 years

WALE; market leading



10 developments

underway \$161.4m spend
remaining with a further ~\$1bn¹
being actively considered



\$50m

of development and
capital expenditure
works undertaken²



\$44m

of developments moved from
“potential” to “committed”

¹ Development timing and therefore spend expected to be over a staged and lengthy period (at least 10 years)

² Includes \$42m of developments ~\$6m of value-add capex and ~\$2m maintenance and tenant incentive capex



Financial results & capital management

Financial performance

PROPERTY EARNINGS GROWTH HAS FACILITATED AFFO GROWTH

	HY22	HY21	(\$) CHANGE	(%) CHANGE
Net property income	57.9	54.2	3.7	6.9%
All expenses ex. finance	16.9	11.7	5.2	44.8%
Realised (gains) / losses on FX derivatives	(0.5)	0.7	(1.2)	N/A
Net finance expenses	13.7	13.6	0.1	0.5%
Operating profit before tax and other income	27.8	28.2	(0.4)	(1.5%)
Property revaluations and other income	169.6	75.0	94.6	126.1%
Profit before income tax	197.4	103.2	94.2	91.3%
Adjusted funds from operations (AFFO)	32.0	28.1	3.9	14.0%
Adjusted funds from operations (cpu)	5.91	5.87	0.05	0.8%
Distributions per unit (cpu)	4.75	4.38	0.38	8.6%

All values shown as \$m

Average NZD/AUD exchange rate in the period	0.9535	0.9320
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- ▶ Contribution from structured rent reviews, acquisitions and development rents

- ▶ \$153m of revaluation gains during HY22

Net property income

8.8% NPI GROWTH (EXCL. FX) AIDED BY ACQUISITIONS, DEVELOPMENTS AND RENT REVIEWS

Acquisitions – income from late FY21 and HY22 acquisitions

Development income – rentalisation of capital expenditure and holding income from strategic site acquisitions

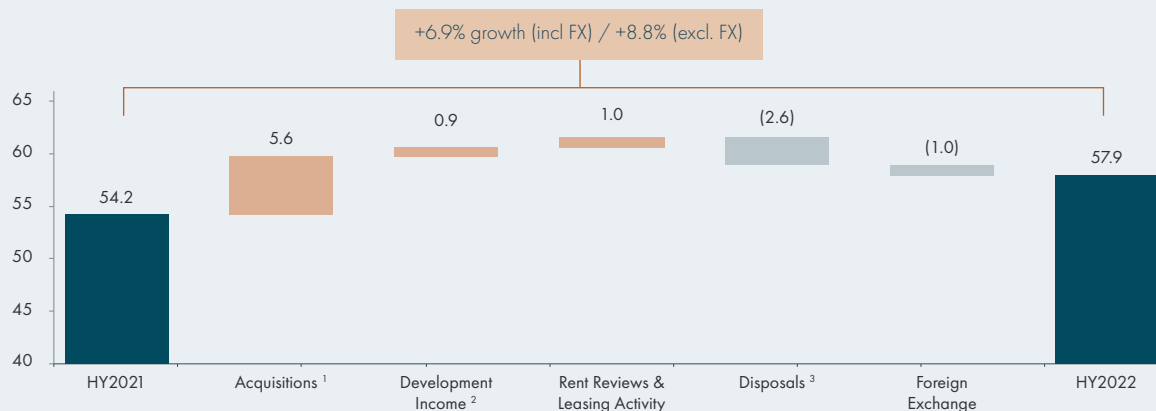
Disposals – Strategic disposal of three regional hospitals in FY21 for ~A\$100m and sale of Gold Coast Surgical Centre for ~A\$13m in HY22 (before selling costs)

Capex – remains modest due to long term leases, minimal upcoming expiries, young building age and ability to capitalise or rentalise upgrades as part of developments

HY22 property income growth of +1.9% (like-for-like, same currency basis)

NET PROPERTY INCOME BRIDGE

(\$M)



86% of Vital's leases (by income) are indexed to CPI in some way

¹ Acquisitions of Grace Hospital, Epworth Camberwell, Tennyson Centre & Nelson Rd Box Hill.

² Incremental development income contributed from Wakefield, Royston, Eden & Stth Eastern.

³ Disposals of regional HealthCare (Mayo, North West & Dubbo) and Gold Coast Surgical Centre.

Balance sheet

STRENGTHENED BY SIGNIFICANT REVALUATION GAINS, NEW EQUITY AND DEBT EXTENSION

	HY22	FY21	(\$) CHANGE	(%) CHANGE
Investment properties	2,941.2	2,634.6	306.6	11.6%
Other assets	55.4	28.0	27.4	97.6%
Bank debt	995.5	932.4	63.1	6.8%
Other liabilities	201.5	226.7	-25.2	(11.1%)
Debt to gross assets ¹	33.2%	35.0%		(5.1%)
Unitholder funds	1,799.5	1,503.5	296.0	19.7%
Units on issue (m's)	577.4	519.8	57.6	11.1%
Net tangible assets (\$/unit)	3.12	2.89	0.23	8.0%
All values shown as \$m				
Period end NZD/AUD exchange rate	0.9411	0.9309		

Increase due to:

- ▶ Development and capital works expenditure of \$50m²
- ▶ Acquisitions totalling \$133m
- ▶ Revaluation gains of \$153m
- ▶ Disposals of \$12m (after selling costs)
- ▶ F/X impact of \$18m

- ▶ New equity of 155.1m raised via placement, UPP and two DRP's

¹ Calculated in accordance with Vital's Trust Deed

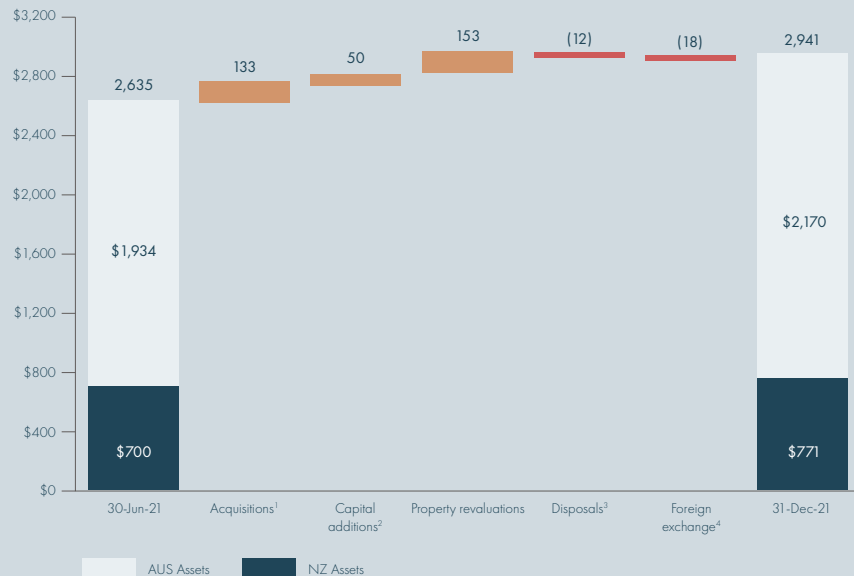
² Includes \$42m of developments ~\$6m of value-add capex and ~\$2m maintenance and tenant incentive capex

Movement in investment property

WELL-LEASED HEALTHCARE ASSETS CONTINUE TO EXPERIENCE CAP RATE COMPRESSION

INVESTMENT PROPERTY BRIDGE (HY22)

(NZ MILLIONS)



¹ \$133m of acquisitions, including \$94m for The Tennyson Centre, and the balance for strategic / development sites. All values shown in NZ\$, pre costs

² Includes development expenditure and capitalised interest costs

³ Net proceeds (after selling costs)

⁴ Period end NZD/AUD exchange rate moved from 0.9309 at 30 June 2021 to 0.9411 at 31 December 2021

⁵ Compared to 30 June 2021 book value

KEY HY22 RESULTS

- ▶ ~77% of Vital's portfolio independently valued (by number of properties) at 31 December 2021
- ▶ Revaluation gains include ~\$50m from rental increases, leasing activity, development margins and other valuation adjustments. The balance comes from 21 basis points of Cap Rate compression since 30 June 2021



\$1m

gross profit realised on disposals⁵

Net Tangible Assets

REVALUATION GAINS HAVE LED TO STRONG NTA GROWTH PER UNIT

NTA PER UNIT BRIDGE



- ▶ Revaluation gain of \$153m; 5.8% increase from June 2021
- ▶ 70% of gain from Australian portfolio and 30% from New Zealand
- ▶ Revaluation gains include ~\$40m from rental increases and leasing activity and ~\$7m of development margins

Debt

BALANCE SHEET GEARING REDUCED DURING HY22 TO SUPPORT FUTURE GROWTH

HY22 overview

- ▶ Strategic priorities delivered:
 - ▶ Financier diversification further enhanced with additional lender secured;
 - ▶ First tranches of long term debt secured (A\$175m of 7 year facilities in Sept 2021);
- ▶ Post 31 December 2021:
 - ▶ Facility limits increased by A\$150m, including an additional A\$75m tranche of 7 year debt
 - ▶ Near term expires refinanced (earliest maturity now Oct 2023)
 - ▶ Weighted average debt term increased to 4.4 years (pro-forma)
 - ▶ Weighted average cost of debt improved
- ▶ Strong balance sheet available to support Vital's value adding acquisitions and developments
- ▶ Vital's all-in weighted average cost of debt was 3.14% as at 31 December 2021 ¹



33.2%

DEBT / ASSETS

Calculated in accordance with Vital's Trust Deed

- ▶ Debt levels considered conservative given cashflow security: high quality tenants, long leases, high quality properties and defensive asset class
- ▶ Focus on maintaining weighted average debt duration of 4+ years (terms agreed post 31 December 2021 to extend to 4.4 years)

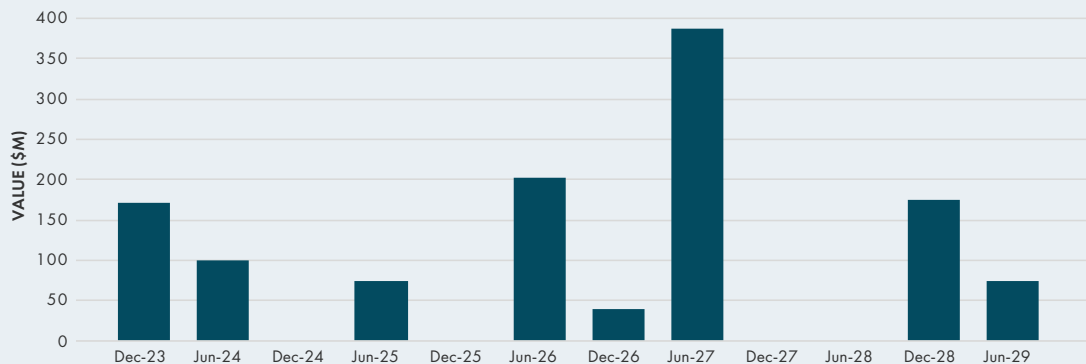
¹ Based on drawn debt only

Debt duration

INCREASED WEIGHTED AVERAGE DEBT DURATION AND AVAILABLE HEADROOM FOR UTILISATION

BANK FACILITIES	31 DEC 2021 ³	31 DEC 2020
Debt to gross assets (Trust Deed) ¹	33.2%	32.4%
Bank loan to value ratio – actual ²	35.0%	35.0%
Bank loan to value ratio – covenant	55.0%	50.0%
Weighted average duration to expiry	4.4 years	1.3 years
Undrawn facility limit (A\$)	\$291m	\$284m

DEBT DURATION PROFILE – 31 DECEMBER 2021³ (A\$)



¹Trust Deed debt ratio is based on total borrowings to gross asset value of the Trust

²Bank LVR is based on total indebtedness to secured property value as determined by external valuers

³Proforma including post 31 December 2021 agreed extension



Headroom available under existing facility to support future growth



Increased the weighted average debt duration from 1.3 years to 4.4 years³ with no expiries until October 2023



Portfolio & acquisitions

Portfolio update

~\$3BN INVESTED IN 43 CORE HEALTHCARE PROPERTIES WITH OVER 2,800 BEDS AND OVER 140 UNIQUE TENANTS

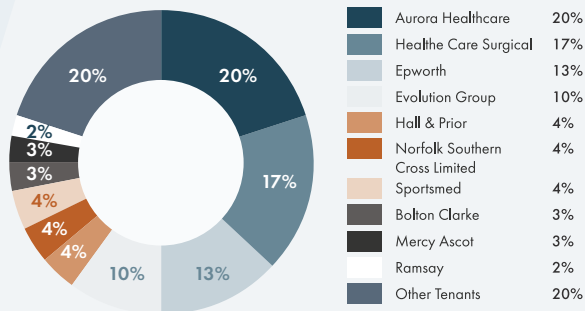
INCOME

- ▶ CY21 NPI of \$113.4m despite COVID-19
- ▶ Strong positive rent growth achieved during HY22 through a combination of CPI and fixed rent increases

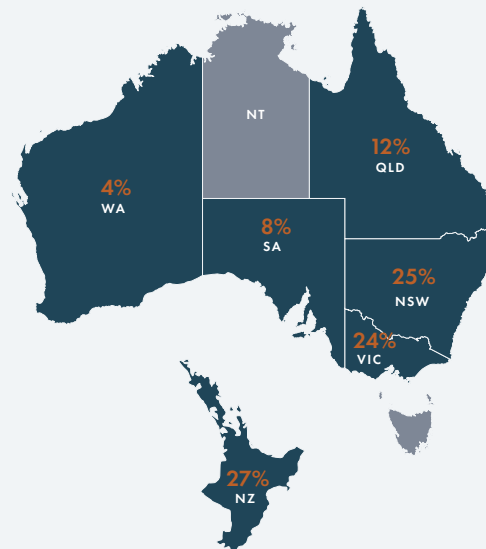
DIVERSIFICATION

- ▶ Vital has a diverse portfolio and income stream by location and tenant
- ▶ Seeking to continuously improve diversity of income

TENANT DIVERSIFICATION (% OF RENT)



GEOGRAPHIC DIVERSIFICATION (BY VALUE)



Continued investment in people to support portfolio growth

Largest single tenant exposure reduced significantly over past two years, now lowered to 20%

Growth focused on core health precincts typically anchored by a public hospital, university and/or large private hospital

Hutt Valley Health Hub, Wellington, NZ

VITAL ACQUIRED A PREMIUM CO-LOCATED AMBULATORY CARE FACILITY TO COMPLEMENT EXISTING INVESTMENTS

ACQUISITION SUMMARY



FUTURE DEVELOPMENT SUMMARY



¹Includes existing adjoining holding and development land expected to be settled shortly



The Tennyson Centre, Adelaide, SA

VITAL ACQUIRED ONE OF ADELAIDE'S LEADING "CANCER CENTRES OF EXCELLENCE"

ACQUISITION SUMMARY



~A\$93m¹

acquisition price



4.8%

Initial yield



12,700 sqm

site area



6,568 sqm

net lettable area



3.5%–4%

fixed annual rent reviews



Oct 2021

settlement



Quality Tenants

Icon Cancer, GenesisCare, Nexus Day Hospitals, Dr Jones & Partners



Several key leases

renewed since acquisition

DEVELOPMENT LAND SUMMARY



A\$2.75m

acquisition price



1,900 sqm

site area



¹Includes development acquisition cost listed below

Development land to expand The Hills Clinic, Sydney, NSW

VITAL ACQUIRED A STRATEGIC LAND HOLDING ADJOINING EXISTING PREMIUM ASSET FOR FACILITY EXPANSION

ACQUISITION SUMMARY



A\$50m

acquisition and estimated development costs



Feb 2022

settlement



4,340 sqm

site area



25 years

in line with existing lease



~5%

yield on cost



100%

pre-committed to Aurora Healthcare



Multi-stage development site in South West Sydney

VITAL ACQUIRED A PRE-COMMITTED GENESIS CARE CANCER CENTRE AND MULTI STAGE DEVELOPMENT SITE IN SYDNEY GROWTH CATCHMENT

STAGE 1 – FUND-THROUGH DEVELOPMENT OVERVIEW



A\$52m¹

acquisition price &
development costs



~4.0%²

initial yield
for stage 1



Feb 2022

settlement



3%

annual rent reviews



2,713 sqm

net lettable area



15 year

WALE

STAGES 2 & 3 – ADDITIONAL DEVELOPMENT SUMMARY



23,000 sqm

site area



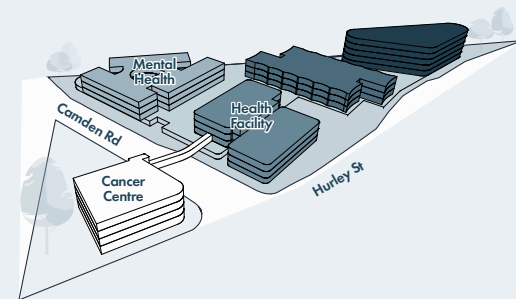
UP TO
40,000 sqm

additional GFA



A\$24.6m

acquisition price



¹Excludes adjoining development land but includes fund-through construction costs for stage 1

²After deducting ground rent costs and allowing for benefit of stamp duty savings via fund-through structure

An aerial photograph of a residential development, overlaid with a semi-transparent blue filter. The image shows a cluster of houses with gabled roofs, a parking lot, and a large, flat, undeveloped area in the foreground. A road with several cars is visible at the bottom. The word "Developments" is written in white, bold, sans-serif font on the left side of the image.

Developments

Development strategy & value-add

TARGETING 10–15% OF THE PORTFOLIO (BY VALUE) TO BE UNDER DEVELOPMENT

DEVELOPMENTS ARE KEY FOR:



Earnings & capital growth



Improving the portfolio



Meeting the needs of our operator partners



NorthWest has a market leading development team with an unmatched depth of experience in the sector

FOCUS

- ▶ Current focus on growth catchments including South East Queensland, Sydney and New Zealand
- ▶ Strategy driven by healthcare needs analysis

CORE PART OF STRATEGY

- In addition to immediate financial benefits, developments enable Vital to continue to improve the portfolio through:
- ▶ Lowering average building age (reduced Capex)
 - ▶ Precinct and ambulatory care strategies to meet modern healthcare needs
 - ▶ Meeting tenant and patient demand particularly in light of operating model changes

PIPELINE

- ▶ \$303.8m of committed developments, representing ~10% of total Portfolio Value; \$161.4m of spend remaining
- ▶ ~\$1bn¹ of potential development opportunities identified (subject to business cases, due diligence and approvals)

¹ Development timing and therefore spend expected to be over a staged and lengthy period (at least 10 years)

HY22 development milestones

- ▶ Terms agreed with Evolution Healthcare and Southern Cross for **\$74m of expansions and upgrades to five NZ Hospitals¹**.

- ▶ **Completion of ~A\$24m Stage 1 of Playford Health Hub.** The development is 70% leased (by income) providing a yield on cost of 6.8%² and also provides ~200 car bays for the future Stage 2 development.

- ▶ **MoU signed with Calvary Health Care for new private hospital** in Adelaide (Stage 3, Playford Health Hub). Construction is expected to commence in 2024.

- ▶ **A\$96.5m Epworth Eastern development partially completed.** Clinical floors 1 – 10 handed over in November 2021; balance expected to be handed over in early 2022.

- ▶ **Progressions of design (commenced in 2021) specialist medical centre** in Adelaide (Stage 2, Playford Health Hub). This is ~55% pre-leased³. Construction is targeted to commence late-2022 and to be complete in late 2023.

- ▶ **Commencement of construction for Stage 2 of Wakefield Hospital redevelopment.** Stage 2 is expected to cost ~\$91.5m and complete in late-2024. Stage 1 completed mid-2021 for \$49.9m.

¹ Refer to slide 29 for more detail

² Stabilised year 3 yield

³ Includes heads of agreement

Committed developments – Australia & New Zealand

DEVELOPMENTS ENHANCE EARNINGS GROWTH AND IMPROVE ASSET QUALITY

ALL VALUES SHOWN IN \$M	DESCRIPTION OF WORKS	DEVELOPMENT COST	SPEND TO DATE	COST TO COMPLETE	FORECAST NET RETURN	FORECAST COMPLETION DATE	STATUS
Epworth Eastern (VIC)	New 14 storey tower incorporating 5 operating theatres, 60 beds, 7 levels of consulting and refurbishment of the existing medical centre	A\$96.5	A\$92.5	A\$4.0	5.3%	Early-22	Clinical levels (1 – 10) complete and leased to Epworth. Levels 11 – 14 due for staged completion across the 1H of CY22. Minor civil works ongoing.
Eden Rehabilitation (QLD)	Conversion of an existing rehabilitation ward to mental health including 6 additional beds	A\$4.8	A\$3.0	A\$1.8	5.8%	TBA	Works paused pending tenant review due to Covid impacts.
Abbotsford Private (WA)	47 beds, parking, therapy rooms and admin	A\$18.6	A\$7.0	A\$11.6	6.1%	Mid-22	Structure well advanced. Services installation commenced.
Belmont Private (QLD)	48 new inpatient beds, 13 private practice consulting suites and 70 new car parks	A\$22.6	A\$7.3	A\$15.3	5.8%	Late-22	Internal refurb areas complete. Main structural works underway.
Total Australian Developments A\$		A\$142.5	A\$109.8	A\$32.7	5.5%		
Total Australian Developments NZ\$		NZ\$151.5	NZ\$116.7	NZ\$34.8	5.5%		
Wakefield Stage 2 (Wellington)	Second stage of hospital rebuild delivering 8 operating theatres, 42 beds, new Day Surgery Unit and additional expansion capacity	NZ\$91.5	NZ\$15.5	NZ\$76.0	5.6%	Late-24	Structural demolition complete. Design finalisation in progress.
Royston DSU (Hastings)	New standalone two theatre day surgery unit	NZ\$8.8	NZ\$8.8	NZ\$0.0	6.0%	Early-22	Nearing completion with practical completion expected end of February.
Boulcott Hospital (Wellington)	Two new theatres, PACU expansion and conversion of double rooms to singles	NZ\$7.7	NZ\$0.0	NZ\$7.7	6.2%	Early-23	Design work ongoing with lodgement of building permits expected in early March.
Grace Hospital Stage 1 (Tauranga)	Fitout of two theatres, new endoscopy room, additional 10 beds and redevelopment of existing clinical areas	NZ\$31.7	NZ\$1.0	NZ\$30.7	5.3%	Mid-23	Theatre fitout works commenced along with alterations to the day surgery unit. Main works to be tendered mid-year.
Royston Hospital Stage 2 (Hastings)	Fitout of two theatres and reconfiguration of pre and post operative clinical areas	NZ\$6.3	NZ\$0.0	NZ\$6.3	5.3%	Mid-22	Minor demolition complete. Design work progressing.
Bowen Hospital OT5 (Wellington)	Fitout of one theatre, new sterile stores and expansion of consulting suites	NZ\$6.3	NZ\$0.4	NZ\$5.9	5.3%	Mid-23	Theatre fitout works commenced with balance of work out to tender.
Total New Zealand Developments		NZ\$152.3	NZ\$25.7	NZ\$126.6	5.6%		
Total Projects in NZ\$		NZ\$303.8	NZ\$142.4	NZ\$161.4	5.5%		

31 December 2021 period end NZD/AUD exchange rate of 0.9411 adopted

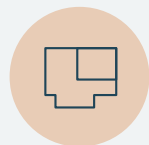
Playford Health Hub, Adelaide, South Australia

STAGED HEALTH PRECINCT UNDER DEVELOPMENT



A\$170m

total projected cost of all stages¹



8,000 sqm

of NLA to be delivered in Stage 1 and Stage 2 in addition to the private hospital



Stage 1 complete



OVERVIEW OF STAGES 1-3

- S1** Stage 1: Retail precinct & multi-deck car park. Construction completed and operational from end of 2021
- S2** Stage 2: ~6,500sqm Specialist Medical Centre. Construction Tender Q2 2022
- S3** Stage 3: 120 Bed (staged) Private Hospital to be operated by Calvary Healthcare & delivered in stages. Concept planning in progress



¹ This represents Vital's estimated investment. Tenants, particularly Calvary Healthcare, are expected to invest significant amounts in addition to this.

~NZ\$74m of new brownfield development funding approved

VITAL CONTINUES TO INVEST FURTHER INTO NEW ZEALAND

Development summary

- ▶ Highlights the strength of Vital's relationships in the New Zealand market
- ▶ Developments enhance condition and functionality of existing assets
- ▶ Developments immediately accretive to earnings and value of assets
- ▶ Works either direct result of existing demand, or future proofing for near term expansion requirements of operators

Further update on the previously approved new and expanded brownfield developments with Evolution Healthcare and Southern Cross announced at Vital's 2021 Annual Meeting:

	VALUE (NZD)	YIELD	SCOPE
Wakefield Hospital ¹	\$28.7	5.3%	(1) Shell for additional level for future expansion; (2) dedicated day surgery; and (3) increased overall funding
Royston Hospital	\$6.3	5.3%	Fitout of two shell theatres and expansion of admission and recovery areas
Royston Day Surgery ²	\$0.7	5.9%	Upgrade of second theatre
Bowen Hospital	\$6.3	5.3%	Fitout of fifth theatre, upgrade to inpatient rooms, expansion of consulting and support areas
Grace Hospital ³	\$31.7	5.3%	Fitout of existing theatre shells, improved day surgery and expansion of inpatient wards
TOTAL	\$73.7	5.3%	

¹ Stage 2 increase only

² Additional scope to previous works

³ Operated in JV between Evolution Healthcare and Southern Cross



Ko ngā tahu ā ō tapuwae inanhi, hei tauira mō āpōpō.

The footsteps we lay down in our past create the paving stones on which we stand today.

Future focus



FY22 Sustainability targets and HY22 achievements

ALL TARGETS UNDERWAY:



People

- ▶ Continue to improve diversity on the Board and in Management
- ▶ Focus on mentoring and career progression
- ▶ Encourage greater community involvement
- ▶ Continue existing professional development



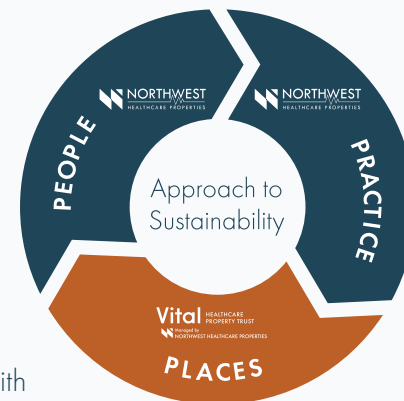
Practice

- ▶ Establish baseline environmental reporting
- ▶ Meet distribution guidance and AFFO target
- ▶ Maintain prudent AFFO pay-out ratio
- ▶ Continue charitable and community support programme
- ▶ Extend and diversify debt



Places

- ▶ Participate in third-party assessments through GRESB and CDP
- ▶ Improve our CDP score
- ▶ Deploy sustainability initiatives with key stakeholders including tenants
- ▶ Continue to progress investigation of additional solar installations



NWH released its first Sustainability Report for its global operations including Vital. View the report at: www.nwhreit.com/mailers/sustainability/nwh-sustainability-report.pdf

Outlook & guidance

CONTINUED DELIVERY AND FOCUS ON EARNINGS GROWTH



- ▶ **Upgraded FY22 AFFO guidance** of at least 11.9 cpu; up at least 3.2% on FY21
- ▶ **Upgraded FY22 distribution guidance** of 9.75 cpu (annualised); actual payments expected to be 8.5% above FY21
- ▶ Conservative **~80% pay-out ratio retained**



- ▶ **Significant development pipeline**
 - ▶ \$303.8m committed
 - ▶ \$161.4m remaining cost to complete
 - ▶ ~\$1bn¹ potential pipeline opportunities identified
- ▶ **Further value-add** acquisition and development opportunities being considered



- ▶ **Future asset recycling strategies continue to be considered** to partially fund new developments and acquisitions
- ▶ **Targeting maintaining weighted average debt duration >4 years**
- ▶ **Sustainability achievements** to be built on including ongoing submissions to both CDP and GRESB

¹ Development timing and therefore spend expected to be over a staged and lengthy period (at least 10 years)

An architectural rendering of a modern building complex at dusk. The scene is dominated by a large, multi-story building with a facade of white panels and dark window openings. The building is illuminated from within, and the sky is a deep, dark blue. In the foreground, a paved plaza with a grid pattern is visible, with several small figures of people walking. To the right, a road with white lane markings and a few cars is shown. The overall atmosphere is serene and professional.

Appendices

Adjusted funds from operations (AFFO)

CONSERVATIVE PAY-OUT RATIO

	HY22	HY21	(\$) CHANGE	(%) CHANGE
Operating profit before tax and other income	27.8	28.2	(0.4)	(1.5%)
Add/(deduct):				
Current tax expense	(4.4)	(7.6)	3.2	42.6%
Current tax expense on net of gain on property disposals and lease incentive transaction	-	3.4	(3.4)	-
Incentive fee	6.8	3.1	3.7	120.4%
Realised and unrealised fx on borrowings (net of tax)	(0.1)	0.5	(0.6)	124.7%
Amortisation of borrowing costs	0.6	0.3	0.2	65.2%
Amortisation of leasing costs & tenant inducements	1.2	1.1	0.1	12.5%
Strategic transaction expenses	0.3	-	0.3	-
IFRS 16 operating lease accounting	(0.1)	(0.1)	(0.0)	(20.9%)
Funds from operations (FFO)	32.2	29.0	3.2	11.0%
Add/(deduct):				
Non-recurring corporate costs	-	-	-	-
Actual capex & leasing from continuing operations	(0.1)	(0.9)	0.7	85.1%
Adjusted funds from operations (AFFO)	32.0	28.1	3.9	14.0%
AFFO (cpu)	5.91	5.87	0.05	0.8%
Distribution per unit (cpu)	4.75	4.38	0.38	8.6%
AFFO pay-out ratio	80%	75%		

All values shown as NZ\$m

Units on issue (weighted average, 000s)

541.9

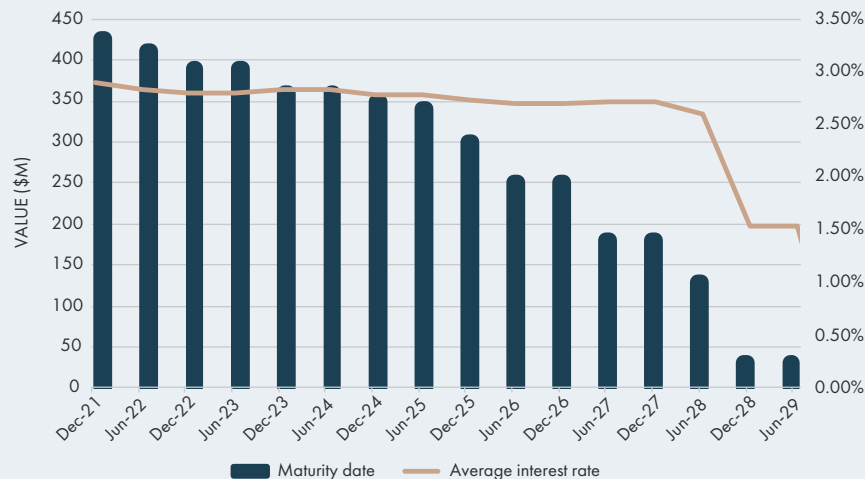
479.2

Interest rate hedging profile

COST OF DEBT WELL HEDGED, MANAGING RISK

RATES	31 DEC 2021	31 DEC 2020
Weighted average cost of debt ¹	3.14%	3.62%
Weighted average fixed rate (excl line and margin)	2.94%	3.01%
Weighted average fixed rate duration	5.0 years	5.9 years
% of drawn debt fixed	45%	64%

HEDGING MATURITY PROFILE (\$A)



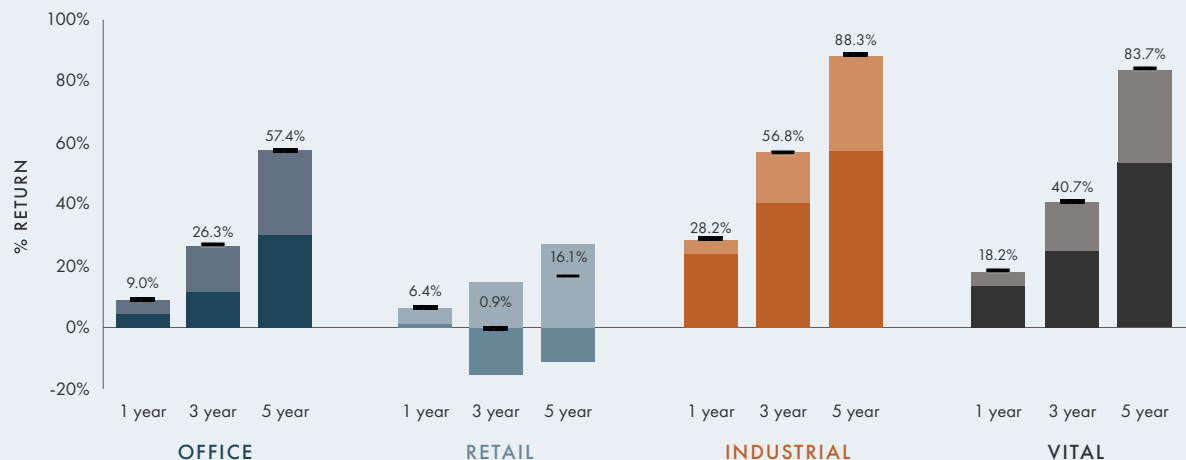
NOTE: Fixed rates exclude line fees and margin

¹ Drawn debt (excludes line fees on undrawn facility)

Real estate returns

HEALTHCARE REAL ESTATE CONTINUES TO PERFORM STRONGLY AGAINST CORE PROPERTY INVESTMENT SECTORS

Returns by real estate asset class in Australia versus Vital's real estate level returns (non-compounding) year ended 31 December 2021



- ▶ Vital continues to outperform Retail and Office real estate asset classes in Australia over the proceeding 1 year, 3 year and 5 year periods.

Source: MSCI & Vital, December 2021

Returns shown are on a nominal, unlevered "all asset" basis (inclusive of development and transaction activity). Vital's returns include Australian and New Zealand Portfolio

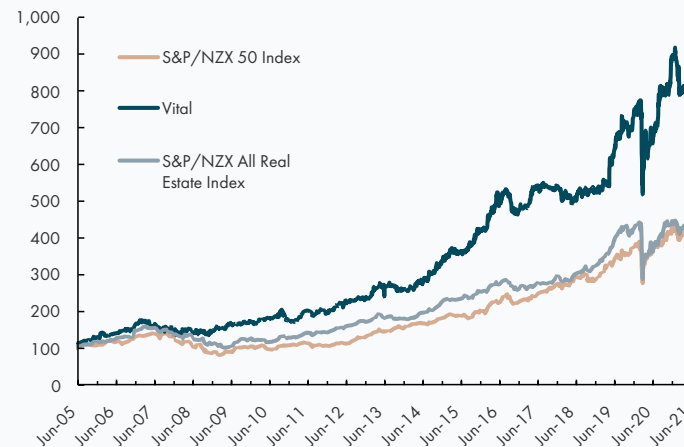
Comparative returns

VITAL MAINTAINS LONG-TERM OUTPERFORMANCE VS BENCHMARK ON A TOTAL RETURN¹ BASIS

TOTAL RETURN ¹ TO 31 DECEMBER 2021	1YR	5YR (P.A.)	10YR (P.A.)	SINCE 2004 (P.A.) ²
Vital	-0.9%	13.2%	16.3%	13.7%
S&P/NZX All Real Estate Index	2.9%	11.8%	12.3%	9.4%
S&P/NZX 50 Index	-0.4%	13.6%	14.8%	8.9%
Vital's performance vs NZX REIT	-3.8%	1.4%	4.0%	4.3%
Vital's performance vs NZX 50	-0.5%	-0.4%	1.5%	4.8%

- ▶ Under-performance over last 12 months driven primarily by a high Vital unit price (absolute and relative) on 31 December 2020
- ▶ 5.3% outperformance versus NZX REIT benchmark over last 24 months and 2.4% outperformance versus NZX 50
- ▶ Outperformance against both the S&P/NZX All Real Estate Index and S&P/NZX 50 Index since December 2004
- ▶ Long-term outperformance highlights the defensive nature of healthcare real estate compared to other real estate classes

VHP VS S&P NZX REAL ESTATE INDEX



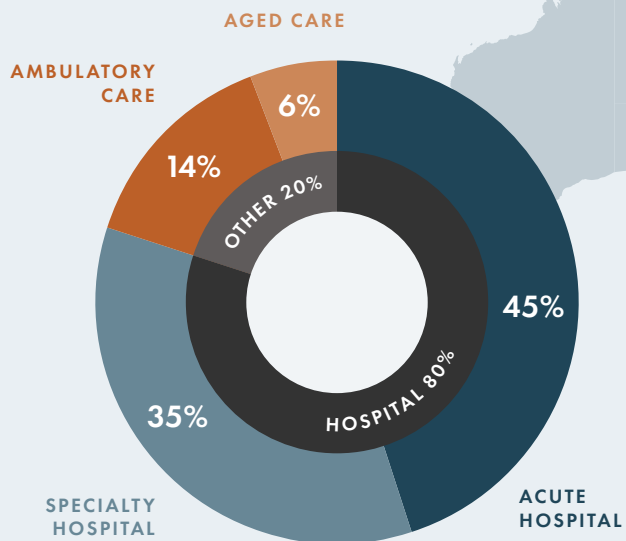
Source: Forsyth Barr

¹Total returns measured by change in unit price plus post-tax distributions to 31 December 2021

²S&P/NZX All Real Estate Index and S&P/NZX 50 Index data from 31 December 2004, being the inception date of the NZX All Real Estate Index

~\$2.2bn Australian portfolio overview

GEOGRAPHICALLY DISPERSED AUSTRALIAN PORTFOLIO CONTINUES TO PERFORM WELL



SUBSECTOR DIVERSITY (BY VALUE)

16.9 years

WALE



PRIVATE HOSPITALS – AUSTRALIA

- ▶ 17 hospitals (acute and specialty – mental health, rehabilitation)
- ▶ Four hospital operators
- ▶ 80% of AUS portfolio value; 77% of AUS rent
- ▶ WALE: 18.9 years



AMBULATORY CARE – AUSTRALIA

- ▶ 6 assets, multiple tenants
- ▶ 14% of AUS portfolio value; 13% of AUS rent
- ▶ WALE: 6.9 years

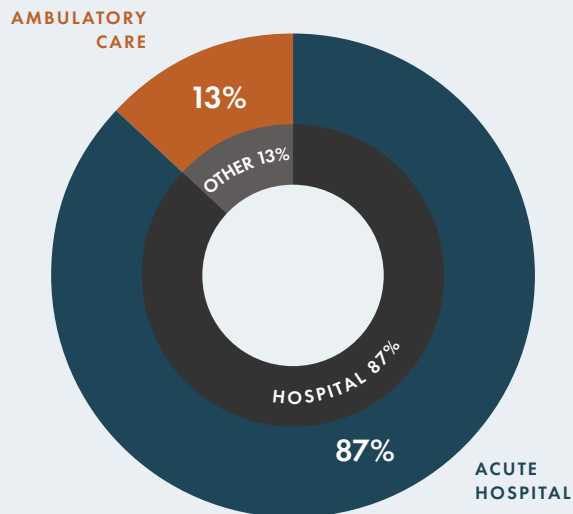


AGED CARE – AUSTRALIA

- ▶ 8 facilities (all in AUS)
- ▶ 2 operators
- ▶ 6% of AUS portfolio value; 10% of AUS rent
- ▶ WALE: 14.5 years

~\$0.8bn New Zealand portfolio overview

KEY NEW ZEALAND MARKET PERFORMING STRONGLY



SUBSECTOR DIVERSITY (BY VALUE)



PRIVATE HOSPITALS – NEW ZEALAND

- ▶ 9 hospitals (all acute)
- ▶ 6 hospital operators
- ▶ 87% of NZ portfolio value; 86% of NZ rent
- ▶ WALE: 22.1 years

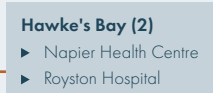
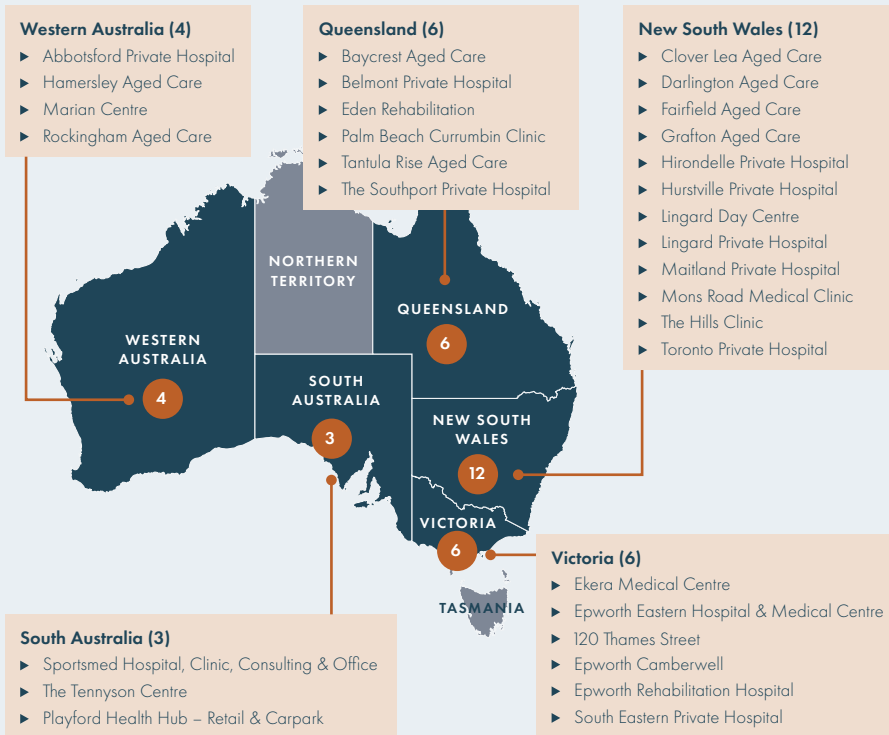


AMBULATORY CARE – NEW ZEALAND

- ▶ 3 assets, multiple tenants
- ▶ 13% of NZ portfolio value; 14% of NZ rent
- ▶ WALE: 8.1 years

Investment properties AS AT 31 DECEMBER 2021

~\$3BN PORTFOLIO OF HEALTHCARE REAL ESTATE COMPRISING 43 INVESTMENT PROPERTIES AND 2,800+ BEDS



**TENNYSON CENTRE,
ADELAIDE, SA**

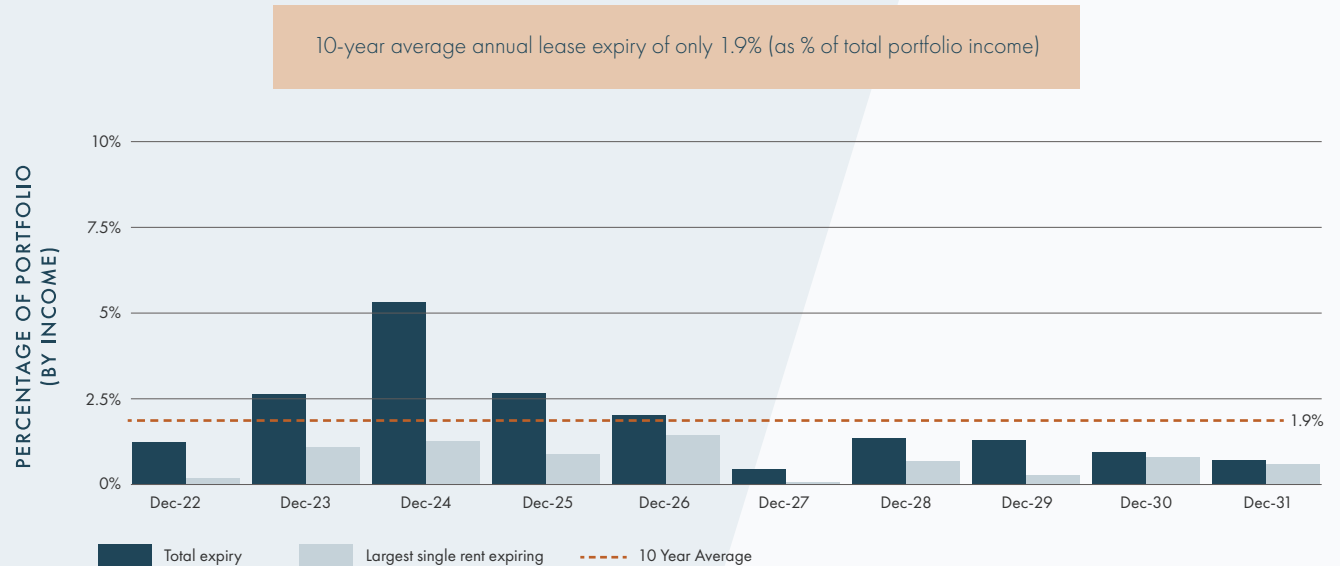
Lease expiry profile

LOW RISK EXPIRY PROFILE SUPPORTS SUSTAINABLE, PREDICTABLE AND DEFENSIVE CASH FLOWS

Lease expiries in CY22 primarily reflect smaller tenancies at multi-tenant properties

CY22 EXPIRIES

- ▶ Total potential expiries of \$1.6m or 1.2% of annual rent through to December 2022



Rent reviews

HIGH PERCENTAGE OF TOTAL RENT IS REVIEWED ANNUALLY WITH STRUCTURED¹ REVIEW MECHANISMS

Rent reviews – HY22

(“LIKE-FOR-LIKE” EXCLUDES DEVELOPMENTS, ACQUISITIONS AND DISPOSALS)

		#	Jun-21 Rent p.a. (NZD)	Dec-21 Rent p.a. (NZD)	Increase (NZD)	Annualised Growth (Stable currency)
Australia	AUS	18	11,666,281	12,147,752	481,471	4.1%
New Zealand	NZ	25	23,948,037	24,793,974	845,937	3.5%
Total		43	35,614,318	36,941,726	1,327,408	3.7%

		#	Jun-21 Rent p.a. (NZD)	Dec-21 Rent p.a. (NZD)	Increase (NZD)	Annualised Growth (Stable currency)
CPI	CPI	28	26,128,013	26,883,139	755,126	2.9%
Fixed	Fixed	9	6,202,618	6,523,727	321,109	5.2%
Market	Market	5	2,356,572	2,508,877	152,305	6.5%
Turnover	Turnover	1	927,115	1,025,982	98,867	10.7%
Total		43	35,614,318	36,941,725	1,327,408	3.7%

¹Includes fixed percentage and CPI reviews



Rent reviews have been completed for 43 leases in FY22 to date



Structured reviews represent 94%¹ of leases by income as at 31 December 2021



Significant uplift via market rent reviews across Portfolio

Core portfolio metrics

5 YEAR TRENDS HIGHLIGHT PORTFOLIO STRENGTH AND UNDERPIN LONG-TERM PERFORMANCE



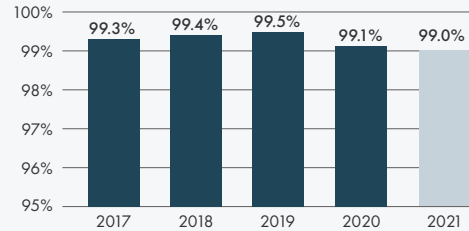
Long-term track record of maintaining

>99% Occupancy

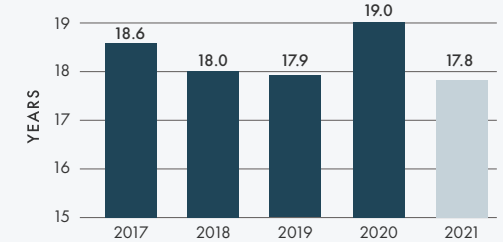


High degree of confidence that future expiries will be renewed or replaced with new tenants in advance of expiry

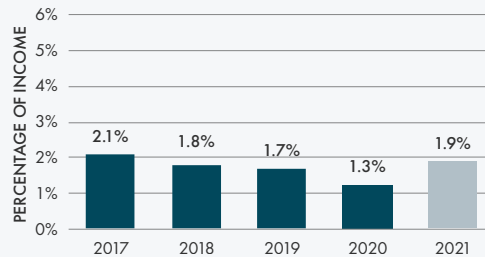
OCCUPANCY



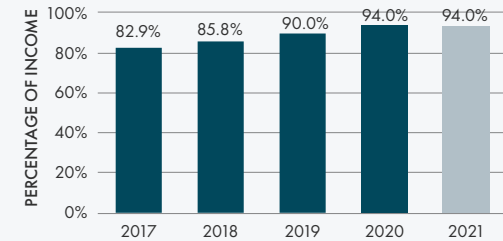
WALE



AVERAGE 10 YR LEASE EXPIRY¹



TOTAL INCOME SUBJECT TO STRUCTURED RENT REVIEWS



¹ Reflects the average % of total portfolio income that expires over the next 10 years

Vital's strategy

VITAL INVESTS IN HEALTHCARE ECOSYSTEMS IN NEW ZEALAND & AUSTRALIA

EARNINGS GROWTH

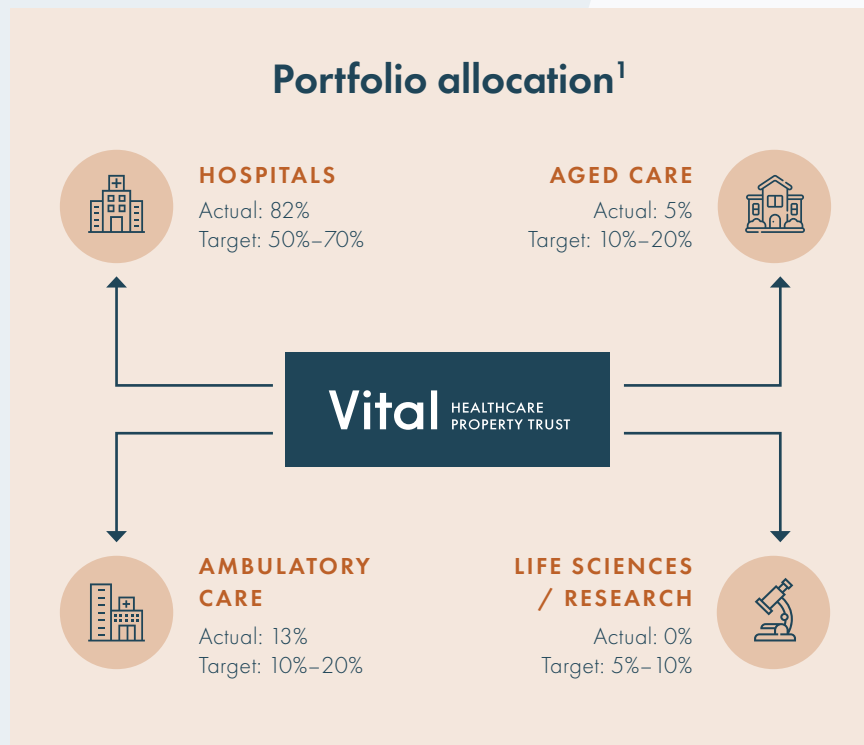
- ▶ Portfolio designed to support AFFO target growth of 2–3%/unit per annum

QUALITY

- ▶ Continuously improve portfolio quality
- ▶ Aiming to maintain or improve (lower) average building age

INVESTMENT CHARACTERISTICS

- ▶ Screened by a range of metrics including internal rate of return, impact on overall portfolio, earnings growth and management capability
- ▶ Focus on high quality, well capitalised operators



¹Based on total portfolio value and includes allocation of strategic assets to their respective property types.

²A health precinct is typically anchored by a public hospital, university and/or large private hospital.

LOCATION

- ▶ Australia or New Zealand
- ▶ Focus on metropolitan assets with growing populations

ACUITY

- ▶ Higher acuity
- ▶ Investments in core health ecosystem
- ▶ Regulated and health precinct² offerings preferred

SUB-SECTOR

- ▶ Reduction in hospital allocation indicates an expectation that future growth opportunities are more likely to come from the other sub-sectors, rather than a desire to reduce exposure

Vital's structure



Vital's Manager and largest unitholder



>250
healthcare
real estate
professionals



~NZ\$11bn
assets under
management



7
number of
countries NorthWest
operates in

~27%

Vital Unitholders

Majority NZ based institutions and retail investors

~73%

Vital HEALTHCARE PROPERTY TRUST

Management of Vital in accordance with the Trust Deed








New Zealand's largest specialist and
only listed owner of healthcare real estate

~\$3 billion portfolio healthcare
real estate in AUS and NZ

Why invest in vital

VITAL IS THE ONLY SPECIALIST NZX-LISTED OWNER OF HEALTHCARE PROPERTY; NO ASX-LISTED EQUIVALENT

 DEFENSIVE SECTOR	 HIGH DEMAND	 HIGH QUALITY PORTFOLIO	 EARNINGS GROWTH	 DEVELOPMENT UPSIDE
Private healthcare is typically a non-discretionary or high priority discretionary spend Less impacted by economic or business cycles than other property sectors	Ageing demographics and growing population in both Australia and New Zealand Rising life expectancy Improvements in science, technology and healthcare increase service offerings	Landlord to some of New Zealand and Australia's leading private healthcare operators ~\$3bn portfolio 99.0% occupancy WALE: 17.8 years Average building age ¹ : 10.7 years	Targeting 2–3% AFFO and DPU growth with a conservative pay-out ratio 94% of leases increase by CPI or fixed % Embedded earnings growth enhanced by acquisitions and developments	\$161m of remaining spend on existing developments and ~\$1bn ² of identified, potential pipeline to be partially funded by asset recycling and existing debt facilities Weighted average project yield of 5.5%; provide value creation and earnings growth

Vital seeks to deliver stable and growing total unitholder returns, including an attractive risk-adjusted income distribution, sourced from healthcare property

¹ Average building age = the later of the date of construction or last significant capital works

² Development timing and therefore spend expected to be over a staged and lengthy period (at least 10 years)

Glossary

AFFO	Adjusted Funds From Operations is an alternate measure used for assessing distributable income. Essentially adjusts net profit after tax for all non-cash items (i.e. NDI) then makes adjustments for items such as maintenance capex and lease incentives paid.
Cap Rate	Capitalisation Rate. Generally calculated as net operating income / current market value of investment property.
CPI	Consumer Price Index. An index that measures the change in the cost of a 'basket' of basic goods and services, showing how the cost-of-living changes over time. The most widely accepted indicator of inflation.
FX	An abbreviation for 'foreign exchange' used where there is a transaction in a currency other than the local currency.
NPI	Net Property Income.
NTA	Net Tangible Assets. The total assets of the Trust less total liabilities. NTA is normally divided by the number of units on issue and expressed as an annual amount per unit.
WALE	Weighted Average Lease term to Expiry. The weighted average lease term remaining to expire across a portfolio, sometimes also referred to as WALT.

Disclaimer

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All references to \$ are to New Zealand dollars unless otherwise indicated.

This document may contain forward-looking statements. Forward-looking statements can include words such as “expect”, “intend”, “plan”, “believe”, “continue” or similar words in connection with discussions of future operating or financial performance or conditions. Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding the Trust's business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. The Trust's actual results may vary materially from those expressed or implied in the forward-looking statements. The Manager, the Trust, and its or their directors, employees and/or shareholders have no liability whatsoever to any person for any loss arising from this document or any information supplied in connection with it. The Manager and the Trust are under no obligation to update this document or the information contained in it after it has been released. Past performance is no indication of future performance.

The information in this document is of general background and does not purport to be complete. It should be read in conjunction with Vital's market announcements lodged with NZX, which are available at www.nzx.com/companies/VHP.

24 February 2022

Thank you

www.vitalhealthcareproperty.co.nz

Wakefield Hospital, Wellington
Recently completed Stage 1 (Right) and Artist's impression of Stage 2 (Left)