

MARKET RELEASE

28 April 2022

Vital announces \$200m capital raising and strategic entry into the South Island

NorthWest Healthcare Properties Management Limited (the **Manager**), as manager of Vital Healthcare Property Trust (**Vital**), today announced its intention to raise approximately \$200m of new equity capital, through a 1 for 8.54 underwritten¹ pro rata accelerated entitlement offer (the **Offer**) to fund ~\$225m of new acquisitions and developments (as outlined below).

Vital's Fund Manager, Aaron Hockly, said:

"The acquisitions announced today will enhance Vital's geographic diversification and mark our strategic entry into New Zealand's South Island. They are an opportunity for us to build new relationships with quality tenants and are expected to support AFFO growth for Vital's unitholders. There will be immediate development upside available for both acquisitions.

In addition, we are delighted to announce two additional developments that have arisen from our long-standing relationships with New Zealand's three largest private hospital operators. These developments will enable us to provide additional health infrastructure for Auckland whilst also providing AFFO and valuation growth for Vital's unitholders.

The acquisitions and developments announced today include a range of sustainability features consistent with Vital and the Manager's sustainability commitments."

South Island acquisitions

Vital has entered agreements to acquire its first South Island properties.

- **Kawarau Park, Queenstown:** (Purchase price \$95 million). A newly developed health precinct with a weighted average lease expiry (**WALE**) of 8.7 years that includes Queenstown's only private hospital, benefitting from Queenstown's favourable demographics. The precinct has six individual high quality buildings and immediate additional development potential. The anchor tenant is a hospital

¹ NorthWest Healthcare Properties REIT has committed, on behalf of its owned and controlled entities (together **NorthWest**), to participate in the Offer by subscribing for \$55m of new units, representing its pro rata holding in Vital across the \$200m Offer. The balance of the Offer is underwritten by Craigs Investment Partners Limited and Forsyth Barr Group Limited.

operated as a joint venture between Southern Cross Hospitals and Central Lakes Trust, with other tenants including nationwide healthcare providers Pacific Radiology (subsidiary of NZX-listed Infratil) and NZX-listed Green Cross Health. The fully let blended yield is expected to be ~4.5%² with 40% of leases (by income) subject to rental increases to the greater of CPI and market.

- **68 St Asaph Street, Christchurch:** (Purchase price \$50.7 million³). A large, modern ambulatory care (maternity) and life sciences site, part of one of New Zealand's key health precincts and located 300 metres from Christchurch Hospital. The WALE is 8.5 years and the property provides an expected net operating income yield of ~5.1%⁴. Existing tenants include the Canterbury District Health Board⁵ and life sciences corporate Syft Technologies. The balance, comprising ~30% of net lettable area, is available for lease and subject to a 24-month vendor rental underwrite.

The Christchurch acquisition settled on 1 April 2022. The Queenstown acquisition is subject to a number of conditions, including due diligence, board and supervisor approval and the tenant at the property agreeing to waive pre-emptive rights to purchase the property and approving Vital as the purchaser.

Auckland hospital acquisition and developments

Vital proposes to acquire and expand a hospital in Auckland and to expand another Auckland hospital it already owns.

- **Endoscopy Auckland, Epsom:** (Purchase price \$22.2 million; estimated development costs ~\$21.6 million). Vital has agreed terms to acquire land and buildings at 148 Gillies Avenue and 22-24 Kipling Avenue, Epsom. Currently, the properties comprise an existing endoscopy facility and residential units on ~4,000sqm of land. The hospital business is jointly owned by Healthcare Holdings and Evolution Healthcare. Terms have been agreed to utilise the vacant land at 22 Kipling Ave and develop a new day surgery and endoscopy facility, with the existing facility expanding surgery capacity. The initial yield on the purchase price is estimated to be ~4.75%, expected to increase to a ~5.1% yield as a result of development spend. The existing buildings will be tenanted for an initial term of 20 years from settlement and the new hospital will be pre-leased for 20 years from completion.
- **Ormiston Hospital, Auckland:** (estimated development costs ~\$40 million⁶). Ormiston Hospital is an existing ~5,000sqm Vital owned asset leased to Ormiston Surgical Endoscopy Limited (~50% owned by Southern Cross Hospitals). Terms have been agreed with the tenant to develop a new ~4,500 sqm, 3 level building linked

² Excludes ~\$4m of development land.

³ Excludes transaction costs and a ~\$7m fit-out loan to Canterbury DHB which is repayable over 10 years.

⁴ Excludes \$5m of development land and fees but including the fit-out loan.

⁵ Lease commences 1 August 2022.

⁶ Includes allocation of land (already owned by Vital) and unrentalised development fees.

to the existing ~5,000 sqm, 3 level building by an air bridge. On completion, the new facility will be leased for 20 years with the lease of the existing facility also extended to 20 years (an ~18.5-year extension). The estimated net yield on development cost is 5.5%.

Terms have been agreed and Vital is finalising transaction documents with the relevant counterparties. The development and acquisition agreements will be conditional on board, supervisor and other customary and regulatory approvals.

Capital raising overview

The Offer is an underwritten pro rata accelerated entitlement offer of new ordinary units to existing eligible unitholders, to raise approximately \$200m. NorthWest has committed to participate in the Offer by subscribing for \$55m of new units, representing its pro rata ~27.5% stake in Vital.

Under the Offer, eligible unitholders are entitled to subscribe for 1 new unit for every 8.54 existing Vital units held as at 5.00pm (NZ time) on the record date of Friday, 29 April 2022, at an offer price of \$2.95 per unit.

The offer price reflects a 5.4% discount to the closing price of \$3.12 on Wednesday, 27 April 2022 and a 4.9% discount to the Theoretical Ex-Rights Price of \$3.10.⁷

Purpose of the Offer

The net proceeds from the Offer will be used to repay debt incurred for recently announced acquisitions and developments, including those announced today.

Vital's pro forma debt to gross assets ratio⁸ will be 33.8% upon completion of the Offer, the acquisitions and initial development spend announced today and the other transactions announced in calendar year 2022.

The Manager currently estimates that Vital's NTA at 31 March 2022 was \$3.20-\$3.25cpu, predominately reflecting property valuation increases from rental growth and mark-to-market gains on interest rate swaps.⁹

The Board reconfirms Vital's previously released AFFO guidance of at least 11.9 cents per unit and second half FY22 distribution guidance of 2.4375 cents per unit per quarter (9.75 cents per unit on an annualised basis).

⁷ The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which Vital units should trade immediately after the ex-date of the Offer. The TERP is a theoretical calculation only and the actual price at which Vital units trade immediately after the ex-date for the Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Vital's closing price of \$3.12 on Wednesday, 27 April 2022.

⁸ Calculated in accordance with Vital's Trust Deed.

⁹ Estimated 31 March 2022 NTA figures have not been audited. The Manager's estimation reflects factors known to date, including those listed. However, it excludes other factors such as any movements in market capitalisation rates which may have occurred for Vital's properties.

Capital raising details

The Offer will be undertaken as a pro rata accelerated entitlement offer and will comprise the following four separate components:

- **Institutional entitlement offer:** firstly, an offer of units to Vital's existing eligible institutional unitholders (with a registered address in New Zealand and selected other jurisdictions as at 5.00pm on the Record Date of Friday, 29 April 2022) where they will be entitled to participate in the Offer on a pro rata basis. The institutional entitlement offer will be accelerated and will open at 10.00am on Thursday, 28 April 2022 (immediately after the Offer is announced) and close at 5.00pm that day;
- **Institutional bookbuild:** secondly, a bookbuild of units representing the shortfall from the institutional entitlement offer (i.e., where institutional unitholders either did not participate or were ineligible to participate). Institutional investors and brokers will be invited to participate in the bookbuild. Any surplus subscription monies above the offer price will be returned pro rata to non-participating institutional unitholders. There is no guarantee that any surplus will be realised through the institutional bookbuild. The institutional bookbuild will open at 10.00am on Friday, 29 April 2022 and close at 3.00pm that day;
- **Retail entitlement offer:** thirdly, an offer of units to Vital's existing eligible retail unitholders (with a registered address in New Zealand as at 5.00pm on the Record Date of Friday, 29 April 2022) where they will be entitled to participate in the Offer on a pro rata basis. The retail entitlement offer will open at 10.00am on Tuesday, 3 May 2022 and close at 5.00pm on Thursday, 12 May 2022; and
- **Retail bookbuild:** finally, a bookbuild of units representing the shortfall from the retail entitlement offer (i.e., retail unitholders either did not participate or were ineligible to participate). Institutional investors and brokers will be invited to participate in the bookbuild. In addition, eligible retail unitholders who take up their entitlement in full may apply for additional new units (i.e. units in excess of their pro rata entitlement) that will be offered for sale under the retail bookbuild. Any surplus subscription monies above the offer price will be returned pro rata to non-participating retail unitholders. There is no guarantee that any surplus will be realised through the retail bookbuild. The retail bookbuild will open at 10.00am on Monday, 16 May 2022 and close at 3.00pm that day.

Eligible unitholders can choose to take up their entitlement in full, in part or not at all. Those unitholders who do not take up their entitlements in full, or who are ineligible to do so, will have their unitholding diluted. Entitlements cannot be traded on the NZX Main Board or privately transferred.

The new units issued under the Offer will rank equally with existing Vital units on issue and will be eligible for future distributions.

NorthWest Commitment and Underwriting

NorthWest has committed to participate in the Offer by subscribing for \$55m of new units, representing its pro rata stake in Vital across the \$200m Offer. It will do this by taking up its entitlements in the institutional entitlement offer.

The balance of the Offer is underwritten by Craigs Investment Partners Limited and Forsyth Barr Group Limited.

Institutional Entitlement Offer and Institutional Bookbuild	
Vital enters trading halt, announcement of Offer and cleansing notice released to the NZX	Thursday, 28 April 2022
Institutional Entitlement Offer opens	10.00am (NZ time), Thursday, 28 April 2022
Institutional Entitlement Offer closes	5.00pm (NZ time), Thursday, 28 April 2022
Institutional Bookbuild opens	10.00am (NZ time), Friday, 29 April 2022
Institutional Bookbuild closes	3.00pm (NZ time), Friday, 29 April 2022
Trading halt lifted	Monday, 2 May 2022
Settlement of Institutional Offer, allotment of new units under the Institutional Offer and trading commences on the NZX	Friday, 6 May 2022
Retail Entitlement Offer and Retail Bookbuild	
Record date	5.00pm (NZ time), Friday, 29 April 2022
Retail Entitlement Offer opens	10.00am (NZ time), Tuesday, 3 May 2022
Retail Entitlement Offer closes	5.00pm (NZ time), Thursday, 12 May 2022
Trading halt commences (for Retail Bookbuild)	Monday, 16 May 2022
Retail Bookbuild opens	10.00am (NZ time), Monday, 16 May 2022
Retail Bookbuild closes	3.00pm (NZ time), Monday, 16 May 2022
Trading halt lifted	Tuesday, 17 May 2022
Settlement of Retail Entitlement Offer and Retail Bookbuild, allotment of new units under the Retail Entitlement Offer the Retail Bookbuild and trading commences on the NZX	Thursday, 19 May 2022

These dates are subject to change and are indicative only. The Manager reserves the right to alter the key dates, subject to applicable laws and the NZX Listing Rules. The Manager reserves the right to withdraw the Offer at any time prior to the issue of the units under the Offer at its absolute discretion.

Additional information

Additional information regarding the Offer is contained in the Offer Document and the investor presentation accompanying this announcement and available at www.vitalunitoffer.co.nz. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Offer.

If you have any questions about the Offer, please visit the Offer website at www.vitalunitoffer.co.nz or call the Vital Investor Information Line on 0800 650 034 (toll free within New Zealand) from 8.30am to 5.00pm Monday to Friday (excluding public holidays), or contact your financial adviser or other professional adviser.

– ENDS –

ENQUIRIES

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About Vital (NZX code VHP):

Vital Healthcare Property Trust is an NZX-listed fund that invests in high-quality healthcare properties in New Zealand and Australia including private hospitals (~82%* of portfolio value), ambulatory care facilities (~13%* of portfolio value) and aged care (~5%* of portfolio value).

Vital is the leading specialist listed landlord of healthcare property in Australasia and currently has a portfolio valued at ~\$3* billion.

Vital is managed by NorthWest Healthcare Properties Management Limited, a subsidiary of Toronto Stock Exchange listed NorthWest Healthcare Properties REIT, a global owner and manager of healthcare property.

For more information, visit our website: www.vhpt.co.nz

* All figures are as at 31 December 2021

Disclaimer:

This announcement has been prepared by NorthWest Healthcare Properties Management Limited (the "Manager") as manager of the Vital Healthcare Property Trust (the "Trust"). The details in this announcement provide general information only. It is not intended as investment, legal, tax or financial advice or recommendation to any person

and must not be relied on as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs.

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

This announcement 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. 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 presentation or any information supplied in connection with it. The Manager and the Trust are under no obligation to update this announcement or the information contained in it after it has been released. Past performance is no indication of future performance.

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