

HY24 Report Summary

DELIVERING ON OUR STRATEGY

Vital HEALTHCARE PROPERTY TRUST
Managed by Northwest

Vital invests solely in real property to support health ecosystems in New Zealand and Australia.

Vital is a highly transparent investment entity. We provide regular updates to our investors and other stakeholders including around our strategic direction and key targets. We are very proud to have delivered what we said we were going to.

- Over the 10 years ended 31 December 2023, Vital has provided a total return of 10.8% per annum, 2.3% per annum above the S&P/ NZX All Real Estate Index.
- Although growth in AFFO and distributions per unit were below our target for the Half Year, we remain focused on delivering 2-3% growth in AFFO and distributions per unit per annum over the medium term. In December 2023, the Board reaffirmed Vital's medium term strategy focussed on this goal (refer to the back page of this report for more details).
- During the 6 months ended 31 December 2023 (HY24), NZ\$164m¹ of non-core assets were sold taking the total over 2023 to NZ\$222.1m. Proceeds have been used to repay debt and will ultimately be used to reinvest in new healthcare properties in core health care precincts with quality tenants and strong ESG credentials.



NZ\$222.1m

OF NON-CORE ASSET SALES OVER CY23



~7%

OF VITAL'S NET LETTABLE AREA LEASED / RENEWED OVER HY24

Strategic initiatives	Delivery over the five years ended 31 December 2023
Grow AFFO and distributions by 2-3% per unit per annum over the medium term	<ul style="list-style-type: none"> ▶ 11.4% growth in distributions per unit or 2.3% per annum ▶ Reduction in AFFO per unit over last 18 months primarily due to rapidly rising interest rates but strategies in place to return to growth
Improve portfolio metrics through acquisitions, developments and divestments	<ul style="list-style-type: none"> ▶ WALE increased from 17.9yrs to 19.2yrs (despite 5 years passing) ▶ Single largest tenant concentration reduced from 48% to 19% ▶ Weighted average building age lowered from 14.0yrs to 9.7yrs ▶ Metropolitan exposure increased from NZ\$1.5bn to NZ\$2.9bn (increase from 83% to 89% of the total portfolio)
Increase exposure to: <ul style="list-style-type: none"> - New Zealand - South-East Queensland - Healthcare precincts - Green buildings - Ambulatory care facilities - Life sciences 	<ul style="list-style-type: none"> ▶ New Zealand portfolio increased from NZ\$429m to NZ\$1 bn (increase from 25% to 31% of the total portfolio) and South-East Queensland increased from NZ\$196m to NZ\$437m (increase from 11% to 13% of the total portfolio) with additional developments underway or being considered in both jurisdictions ▶ Exposure to core healthcare precincts increased from NZ\$617m to NZ\$1.6bn once current committed developments complete (increase from 34% to 47% of the total portfolio) ▶ Ambulatory care investment increased from NZ\$212m to NZ\$537m ▶ First life sciences development underway (RDX: A\$140m)
Divest non-core assets	NZ\$339m sold ² , NZ\$92m in due diligence for sale and a further NZ\$220m being considered for potential sale
Prudent balance sheet management	<ul style="list-style-type: none"> ▶ Despite significant expansion of the portfolio, balance sheet gearing has been maintained below 40% which is considered conservative for a portfolio like Vital's (35.1% to 38.3%) ▶ Weighted average debt maturity increased from 1.7 years to 3.3 years ▶ Interest rate hedging: ~78% of drawn debt at 31 December 2023

¹ Includes assets held for sale at 30 June 2023.

² Includes the sale of small assets and three regional hospitals in the four years prior to CY23

As part of its sustainability efforts, hard copy Interim Reports will no longer be mailed unless specifically requested by Unit Holders. Instead, this summary document provides an overview of Vital's key results for HY24. As with previous results, the full Interim Report will be emailed to Unit Holders and will be available on the NZX and be posted on Vital's website: <https://www.vitalhealthcareproperty.co.nz/financial-results/>. This initiative will save approximately 252,000 pages of printing per annum and reduce our greenhouse gas emissions both through reducing printing and mailing.

Investors who would like to receive a printed Interim Report can request one by calling Computershare on +64 9 488 8777, emailing enquiry@computershare.co.nz or mailing a request to: Computershare Investor Services Limited, Private Bag 92119, Auckland 1142.



RDX. GOLD COAST, QUEENSLAND

Financial results

Vital recorded underlying net property income growth over HY24 despite non-core asset disposals reflecting the contribution of development income, annual rent reviews and leasing. Growth in underlying income since HY23 on a same property, constant currency basis was a healthy 4.1%.

Interest rate hedging has been increased to ~78% and Vital has no debt expiring until March 2025 and we are well progressed on near term expiries.



4.1%

LIKE-FOR-LIKE, SAME PROPERTY INCREASE IN EARNINGS (CONSTANT CURRENCY)



1.8%

INCREASE IN NET PROPERTY INCOME (EX FX)



A\$166m

DEBT HEADROOM AVAILABLE IN EXISTING FACILITIES

Portfolio overview

Vital owns 38 income producing properties across Australia and New Zealand (plus strategic land for development) including many of the leading metropolitan private hospitals. Vital is seeking to grow its exposure to core and emerging healthcare precincts with a focus on New Zealand and South-East Queensland in particular.

Non-core asset sales, coupled with the development pipeline, has improved and will continue to improve the resilience of Vital's portfolio across a range of metrics including income security, average building age, tenant quality and several environmental measures.



19.2 year

WALE*



~NZ\$3.2 billion

PORTFOLIO (~NZ\$2.2B AUSTRALIA & ~NZ\$1.0B NEW ZEALAND)



98.2%

OCCUPANCY



WAKEFIELD HOSPITAL, WELLINGTON

*Inclusive of landlord options

Development update

Our development team comprises >15 experts in healthcare real estate which is unmatched in Australia or New Zealand. Our precinct strategy will help create new opportunities for Vital to build out assets in health-related precincts where public, private, education, aged care and research uses are closely agglomerated and interrelated.

NZ\$2bn

POTENTIAL DEVELOPMENT PIPELINE



~NZ\$134m

SPENT ON CAPITAL WORKS IN H24 INCLUDING DEVELOPMENTS FULLY COVERED BY ASSET SALES

~NZ\$213m

COMMITTED DEVELOPMENT SPEND REMAINING

Sustainability

Vital has continued its significant Environmental, Social and Governance (ESG) efforts over HY24. These efforts have aligned with the Northwest overarching Sustainability Framework cultivating healthy and sustainable places through Thriving Partners, Healthy Planet, Strong Communities, and an Inclusive Company along with a variety of Enablers to support this.



1st

PLACE GLOBALLY IN GRESB FOR LISTED HEALTHCARE IN ESG



B-

RETAINED B- SCORE IN 2023 FOR CDP (FORMERLY CARBON DISCLOSURE PROJECT)



9

CURRENT AND POTENTIAL DEVELOPMENTS TARGETING 5 STAR GREEN STAR (OR HIGHER)

Outlook

In December 2023, Vital's Board reaffirmed Vital's strategy reflecting the Board and Management's conviction in healthcare assets supported by growing institutional demand for the asset class and the stability of the cashflows these assets provide.

Vital is the only specialist healthcare landlord listed on the NZX. Healthcare property remains a

defensive asset class, underpinned by a high level of government support and non-discretionary spending.

Whilst we have delivered on most of our strategic goals, our primary focus remains delivering a growing income stream (AFFO and distributions per unit) for our Unit Holders.



at least 9.75cpu

FY24 DISTRIBUTION GUIDANCE

Vital's distribution reinvestment plan remains active but the 1% discount has been removed from February 2024.



>NZ\$100m

ADDITIONAL NON-CORE ASSET SALES TARGETED FOR CY24



Climate-Related Disclosures reporting preparation underway for 2024



ROYSTON HOSPITAL, HAWKE'S BAY

Strategy reaffirmed

In December 2023, Vital's majority independent board approved an updated strategy. The update is substantially in line with previously announced strategy reflecting the Board and management's conviction in healthcare property. Key elements include:

✓ **Sustainability / ESG to remain core to everything we do**

- Vital needs to remain relevant, investable and at the forefront of best practice across all ESG areas.

✓ **Continued focus on brownfield and greenfield developments in core or emerging healthcare precincts**

- Continued improvement of the portfolio to support security of Unit Holder returns
- Retain sector leadership
- Reflects our belief in healthcare precincts as a means to enhance returns for Unit Holders
- To become committed, potential developments must add value for Unit Holders

✓ **Continued focus on key identified markets notably New Zealand where Vital is supporting the three main private hospital operators as well as the public health system**

- Vital is supporting our home market and the communities where our investors are located.

✓ **Measures to return to AFFO and distribution growth in future periods consistent with targets**

- We have several strategies to return to a growth path for AFFO and distributions in future periods.

✓ **Increased focus on alternative sources of capital**

- Benefits to Vital include enabling the potential development pipeline, adding another way of funding developments and reducing risk (development, tenant concentration and geographic concentration).

✓ **Continuation of core strategy & focus on healthcare real estate**

- Healthcare property continues to be attractive due to the underlying tenant demand and relatively low volatility. Vital is in a unique position to capitalise on this.

Proposed amended SIPO to support capital partnering

To support capital partnering, the Board proposes to amend Vital's Statement of Investment Policy and Objectives (SIPO). Although no specific transaction has been agreed, the amendment is expected to enable Vital to do the following, by way of example, more easily:

- earn management fees;
- consider a wider range of capital partnering initiatives and structures; and
- consider a wider range of transactions.

The above is to remain consistent with Vital's overarching investment objectives, as set out in the SIPO, of increasing "... its net asset value, the value of units held by Unit Holders and the distributions paid to Unit Holders, on a sustainable basis" through:

- "owning and managing high quality real estate in good locations primarily used by healthcare operators or used for healthcare, life sciences and related purposes;
- secure and maintain property occupancy with quality tenant(s); and achieve long lease terms where possible..."

Consistent with Appendix 2 of the SIPO, notice is being provided to Unit Holders on the date of this document of the variation to the SIPO.

The proposed change provides the Board and management with another mechanism to increase Vital's earnings and / or the value of Vital's units.

Disclaimer:

This document has been prepared by Northwest Healthcare Properties Management Limited (the **Manager**) as manager of the Vital Healthcare Property Trust (the **Trust**) and provides high-level summary information only.

This document does not contain all the information in the Trust's Interim Report which is available on www.nzx.com/companies/VHP and <https://www.vitalhealthcareproperty.co.nz/announcements/> and is not intended to replace the Interim Report.

This document is not intended as investment, legal, tax, financial product 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 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.

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