

Consultation on Dual Listing Proposal

NOVEMBER 2024

Vital HEALTHCARE
PROPERTY TRUST
Managed by Northwest

Disclaimer

This document has been prepared by Northwest Healthcare Properties Management Limited (Northwest or the Manager) as manager of the Vital Healthcare Property Trust (the Trust). This document provides general information only and 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.

There is no certainty that the proposal contemplated by this document will be implemented. It remains subject to significant uncertainty and details that are yet to be worked through and are to be consulted on.

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

The transaction described in this Presentation remains subject to board, regulatory and Unit Holder approvals and there is no guarantee that the restructure will proceed in the form described in this Presentation or at all.

20 November 2024



Kawarau Park, Queenstown, NZ

Dual Listed Trust (DLT) proposal for Vital

THE DLT PROPOSAL IS DESIGNED TO PROVIDE EARNINGS ACCRETION, A BROADER INVESTOR BASE AND ENHANCED GOVERNANCE THAT IMPROVE VITAL'S ACCESS TO AND COST OF CAPITAL

- ▶ Since listing on the NZX 25 years ago, Vital's portfolio of healthcare properties has grown to ~\$3.2 billion with ~69% (by value) in Australia
- ▶ Vital's structure has benefits for New Zealand investors but reduces Vital's attractiveness to offshore investors and potential demand for Vital's units
- ▶ Without an ASX listing and a more diversified investor base, Vital is at an operating cost disadvantage to its peers in respect to holding Australian property

Work has been undertaken over the last four years on structures to address the issues noted on the left, taking into account feedback from Vital Unit Holders

- ▶ A Dual Listed Trust (DLT) structure is expected to preserve and improve all of the current benefits for New Zealand investors from Vital's PIE structure and NZX listing, whilst removing inefficiencies for Australian and offshore investors - leading to earnings and value accretion for all Unit Holders
- ▶ Adding an ASX listing to the current NZX listing is also expected to improve Vital's access to and cost of capital and liquidity, through access to a larger range of investors (including Australian and global funds), ASX index inclusion and broader analyst and broker coverage
- ▶ As part of the DLT proposal and to ensure Vital meets ASX rules and investor expectations, governance enhancements are being proposed



Vital is consulting with Unit Holders on the DLT proposal with the aim of seeking formal Unit Holder approval through a vote in early April 2025

Proposed Dual Listed Trust (DLT) structure

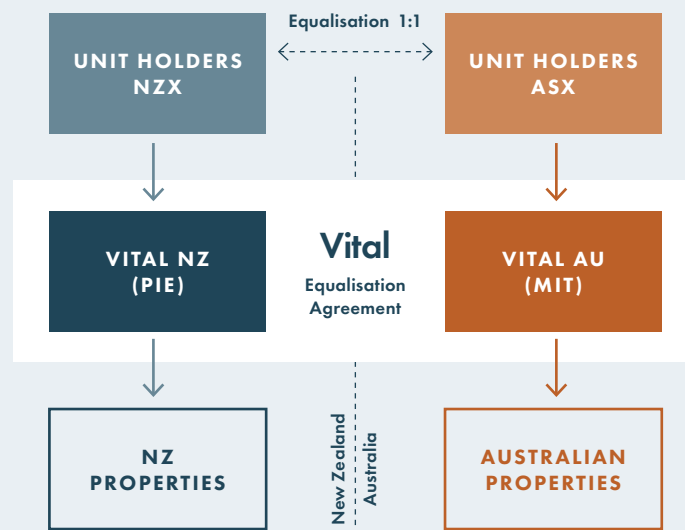
VITAL WOULD BE SEPARATED INTO TWO LEGAL ENTITIES, BUT CONTINUE TO FUNCTION AS A SINGLE ECONOMIC ENTITY THROUGH EQUALISATION ARRANGEMENTS

DLT structure overview

- ▶ Vital's New Zealand assets remain listed on the NZX through a NZ PIE fund as **Vital NZ**
- ▶ Vital's Australian assets are listed on the ASX through an Australian trust as **Vital AU**
- ▶ Vital NZ and Vital AU would be separate trusts with independently traded primary listings⁽²⁾
- ▶ Equalisation arrangements between Vital NZ and Vital AU would be designed to ensure that all Unit Holders maintain exposure to a single economic entity comprising all of the assets of Vital NZ and Vital AU. For Vital investors this would result in:
 - Higher distributions
 - Unchanged exposure to Vital's portfolio
- Unchanged rights to income and capital distributions
- Unchanged gearing
- Majority independent board and independent chair
- Combined financial reporting
- ▶ Both Vital NZ and AU Unit Holders would need to separately pass Unit Holder resolutions that impact both legal entities (including changes to the DLT structure and/or equalisation arrangements)
- ▶ Existing Unit Holders would receive both Vital NZ and Vital AU units in proportion to their respective net asset value – the units of each entity would be equalised on a 1:1 basis to have equivalent economic rights

⁽¹⁾ Northwest would be the manager of both Vital NZ and Vital AU ⁽²⁾ Units would not be exchangeable

Vital's proposed DLT structure⁽¹⁾



The strategic rationale for a DLT is compelling

EARNINGS ACCRETION, VALUE ACCRETION AND AN ASX LISTING ARE EXPECTED TO SUPPORT VITAL'S UNIT PRICE



DPU accretion for all Unit Holders

- ▶ Investors in the NZX-listed Vital DLT entity would receive all income from Vital NZ through the PIE regime whilst retaining the same economic exposure to Vital's assets (expected to be more attractive for many New Zealand based investors than the current structure)
- ▶ Alternatively, investors in the ASX-listed Vital AU DLT entity would receive all income through the Australian MIT regime whilst retaining the same economic exposure to Vital's assets (expected to be more attractive for non-New Zealand based investors than the current structure)



Governance enhancements

- ▶ To align better with the ASX listing rules, it is proposed that Vital would change from a Fund Issuer to an Equity Issuer⁽¹⁾
- ▶ Vital will need to comply with ASX listing rules in addition to NZX listing rules
- ▶ Vital will maintain a majority independent board and independent Chair
- ▶ The Manager's parent entity will provide Vital's independent directors with a right (on behalf of Unit Holders) to participate in the event it looks to exit its management rights in relation to Vital



More attractive investment vehicle

- ▶ Higher AFFO and distributions through the removal of inefficiencies at entity and Unit Holder level are expected to support Vital's unit price
- ▶ Retained S&P/NZX 50 index inclusion and likely S&P/ASX 300 index eligibility expected to increase demand for Vital's units and thereby support Vital's unit price
- ▶ Greater index exposures will fall within the investment mandate of a broader set of investors



Value accretion

- ▶ Reducing structural inefficiencies and providing another capital source will improve Vital's ability to deliver value and / or AFFO accretion
- ▶ This coupled with a higher unit price from higher distributions for investors, an ASX listing and governance changes are expected to provide value accretion for all Unit Holders

⁽¹⁾ Refer to Appendix for a summary comparison between Fund Issuer and Equity Issuer

Current structure vs. proposed DLT

THE PROPOSED DLT STRUCTURE ALLOWS UNIT HOLDERS TO RETAIN THE SAME ECONOMIC EXPOSURE TO VITAL WHILST ENHANCING THE TAX, GOVERNANCE AND LISTING ARRANGEMENTS FOR THE BENEFIT OF ALL UNIT HOLDERS

	VITAL TODAY	NZX UNIT HOLDER IMPACT	VITAL NZ	VITAL AU
Listing	Primary NZX	IMPROVED	Primary NZX	Primary ASX
Index	NZX50	IMPROVED	NZX50	Free float market capitalisation above the current threshold for ASX300 inclusion
Governance	Single board and trans-Tasman management team	UPDATED	Board of NZ Manager and Board of Vital AU Responsible Entity to retain an Independent Chair and majority Independent board Continue to have the same management team Required to comply with ASX and NZX listing rules and change to an Equity Issuer	
Tax structure	PIE tax treatment	IMPROVED	PIE tax treatment NZ investors can continue to benefit from the PIE regime	Managed Investment Trust ("MIT") regime⁽¹⁾ Investors can benefit from the MIT regime (including tax pass through tax treatment)
Economic exposure	Assets across Australia and NZ	UNCHANGED	Assets across Australia and NZ	

⁽¹⁾ NZ Unit Holders that hold Vital AU units will be subject to tax on the investment in Vital AU units under the Foreign Investment Fund (FIF) regime, which includes the fair dividend rate (FDR) method, or taxed on distributions if the FIF regime does not apply.

Indicative timetable

VITAL IS TARGETING PRESENTING A FORMAL PROPOSAL TO UNIT HOLDERS IN Q1 2025 AND IF APPROVED BY UNIT HOLDERS, IMPLEMENTING THE DLT STRUCTURE IN MAY 2025

INDICATIVE TIMING

Initial investor discussions and feedback sought November – December 2024

Various regulatory discussions (including ASIC, ASX, FMA, NZX, and tax rulings) November 2024 – February 2025

DLT proposal documentation released to Unit Holders February / March 2025

Unit Holder vote⁽¹⁾ and unit election process April 2025

Implementation of DLT structure if approved by Unit Holders May 2025




Macarthur Health Precinct, NSW (Artist's impression)

⁽¹⁾ DLT structure implementation subject to Unit Holder approval (75% threshold of those voting) and the Manager is not permitted to vote

Appendix

Equity vs Fund Issuer comparison

UPDATED CORPORATE GOVERNANCE AND ALIGNMENT WITH ASX LISTING REGIME AS VITAL NZ BECOMES AN EQUITY ISSUER IN NZ



	FUND ISSUER	EQUITY ISSUER	ASX (GENERAL POSITION FOR COMPARISON)
Corporate governance Requirements (e.g. NZX Corporate Governance Code)	⊗	✓	✓
NZ / Australian resident directors	One (NZ or Australia)	Two (NZ)	Two (AU)
NZX / ASX regime on periodic reporting	⊗	✓	✓
FMCA / Corporations Act regime on periodic reporting	✓	✓	✓
NZX / ASX major/significant transaction approval	⊗	✓	✓
Related party transaction regime	FMCA	NZX Listing Rules	ASX Listing Rules & Corporations Act

Thank you

www.vhpt.co.nz

Grace Hospital, Tauranga, NZ

Vital HEALTHCARE
PROPERTY TRUST
Managed by Northwest