

26 June 2024

## **Non-core asset sales, development update and indicative valuation changes to 30 June 2024**

Northwest Healthcare Properties Management Limited (**the Manager**), the manager of Vital Healthcare Property Trust (**Vital**), is pleased to provide this update on Vital's capital recycling and development programme as well as indicative updated valuations.

Notably:

1. NZ\$87m of non-core asset sales have been contracted since April 2024 at a 2% discount to book value.
2. Practical completion has been reached at three developments since April 2024 (81% leased).
3. Vital has ~NZ\$150m remaining to spend on its committed development pipeline across seven developments which is able to be fully funded from existing debt capacity.
4. Indicative valuations show a modest <1% decline over the half year ending 30 June 2024 reflecting the high-quality nature of Vital's portfolio. This equates to <2 cent per unit decline in NTA since 31 March 2024<sup>1</sup>.

Vital's Fund Manager, Aaron Hockly, said:

"Vital continues to deliver in line with our announced strategy. We have sold or contracted to sell over NZ\$300m of non-core assets since March 2023 and have ~NZ\$180m of potential sales being considered that will complete our capital recycling programme and maintain prudent, 'through the cycle', balance sheet gearing at or below 40% as planned. Repaying debt from the proceeds of asset sales has resulted in Vital's remaining committed development pipeline being fully funded from its existing debt headroom.

Recycling capital from non-core assets into new developments has, and will continue to, improve the quality and resilience of Vital's portfolio. This is expected to enhance Unit Holder returns over the medium term."

### **Non-core asset sales update**

Unconditional contracts have been exchanged to sell five assets for total consideration of NZ\$87m comprising three Bolton Clarke aged care assets and a Hobart development site in Australia and the Napier Medical Centre in New Zealand. These assets were contracted

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<sup>1</sup> Indicative only and subject to finalisation of accounts, movements in exchange rates and interest rates as well as audit and final board approval.

at an aggregate 98% of their 31 December 2023 book values (excluding selling costs). Settlements are due to occur by 30 June 2024.

In addition, a further ~NZ\$180m of assets are being considered for potential sale as Vital concludes its capital recycling program.

### **Development update**

Practical completion has recently been achieved for ~NZ\$150m of developments comprising:

1. Macarthur Health Precinct (Stage 1), Campbelltown. Practical completion was reached in April 2024. This development comprises ~2,700 square metres of net lettable area, is 100% leased and is on track to achieve a 6-Star Green Star rating (as built).
2. Playford Health Hub (Stage 2), Adelaide. Practical completion was reached in June 2024. This development comprises ~8,700 square metres of net lettable area, is ~60% leased and is on track to achieve a 6-Star Green Star rating (as built).
3. Ormiston Hospital (Stage 1), Auckland. Practical completion is expected to be reached in June 2024 to double the size of this Southern Cross majority occupied hospital to ~9,000 square metres of net lettable area. The property is 94% leased.

In addition, Vital's contribution to the complete redevelopment of Wakefield Hospital has reached the agreed cap of NZ\$91.5m with the balance of the works to be funded by the tenant. Rent has been commencing in line with Vital's actual spend and practical completion is expected to be split into two phases with the first in late 2024 and the second in 2025.

### **Indicative valuation changes to 30 June 2024**

~60% of Vital's portfolio (by value) will be fully independently valued (the balance having had desktop valuations undertaken by independent valuers) at 30 June 2024.

Indicatively, the weighted average capitalisation rate is expected to be ~5.30%, reflecting ~5.16% for the Australian portfolio and ~5.61% for the New Zealand portfolio. This results in a forecast unrealised reduction, after taking into account rent reviews and development returns, in net property values for the 6 months ending 30 June 2024 of less than 1%<sup>2</sup>.

The indicative revaluation is subject to final valuations being received, audit and final board approval which will be confirmed when Vital's FY24 results are released (expected to occur on 8 August 2024).

Balance sheet gearing at 30 June 2024 is expected to be maintained at or below 40%<sup>2</sup>, in line with Vital's prudent 'through the cycle' target.

**– ENDS –**

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<sup>2</sup> Indicative only and subject to finalisation of accounts, movements in exchange rates and interest rates as well as audit and final board approval.

For further information, please contact:

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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 (~83%\* of portfolio value), ambulatory care facilities (~17%\* of portfolio value) and aged care (~0%\* of portfolio value).

Vital is the leading specialist listed landlord of healthcare property in Australasia.

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](http://www.vhpt.co.nz)

\* All figures are indicative, as at 30 June 2024 reflecting sales noted in this announcement.